



Islands Trust

Islands Trust Annual Report

2011-2012

Preserving **Island** communities, culture and environment

Islands Trust Annual Report 2011-2012

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Message from the Islands Trust Council Chair

BC's local government elections were in November 2011, making fiscal year 2011-2012 a time of transition from one term of Trust Council to the next. This election was remarkable in the number of candidates (57) who ran for the 26 positions. Thirteen of the trustees on this term's council are elected for the first time and I'm grateful for their willingness to serve. In December 2011, trustees elect the Chair and three vice-chairs to serve for three years. I was honoured to be given a second term as Chair and to share Executive Committee duties this term with David Graham of Denman Island, Peter Luckham of Thetis Island and Ken Hancock of North Pender Island. (More detail on election results and trustees provided on page 12)

I would also like to convey my sincere gratitude to the many trustees who served so selflessly from 2008-2011, in particular the significant contributions of Louise Bell (Denman Island) Vice Chair on the Executive Committee who retired from public office after serving 15 years as trustee, and trustees Alison Morse (Bowen Island), George Ehring (Salt Spring Island) and Christine Torgrimson (Salt Spring Island), who served Council last term as committee chairs and chose not to run for re-election this term.

The Executive Committee started off the new term focused on developing the strategic plan that would set Trust Council's goals and guide our activities for the next three years. One of the major projects we proposed to Trust Council in March 2012 was a comprehensive review of the Trust Policy Statement, with a grant of \$250,000 from Canada's Gas Tax Fund. The new Trust Council carefully considered input from trustees and constituents and concluded that there was no appetite for such a comprehensive review.

Cooperating with Others

Our provincial mandate to preserve and protect relies on the cooperative efforts of many government agencies, first nations and community organizations. This year, Trust Council committed to focus on several significant advocacy projects and to develop a first nations strategy.

Under the *Islands Trust Act*, one of Trust Council's roles is to make recommendations to BC government agencies about policies that affect the preservation and protection of the unique amenities and environment of the Islands Trust Area. In recent years, and in response to many requests from concerned islanders, Trust Council has approved staffing and budget increases that have created greater capacity to promote those interests to the provincial and federal governments. On a practical level, more capacity for advocacy means more staff research into threats to the environment and economy of the islands, a greater presence at inter-agency meetings, more letters from the Islands Trust Council Chair to ministers and more partnerships built with communities with similar goals and concerns. The highest priority goes to topics addressed in the Trust Policy Statement, topics being debated in the legislature and topics trustees hear about from islanders during town hall sessions at Trust Council and at local trust committee meetings.

Over the last few years, significant attention has gone to BC Ferries' fares, groundwater protection, abandoned and derelict vessels in island waters, and shipping safety. Based on original staff research into the number of oil tankers already traveling in the Salish Sea from the Port of Vancouver, the Islands Trust recently made a submission to the National Energy Board on a particular application to further expand port capacity. Given the intimate connections between the vitality of island communities, the economy and the marine environment, Trust Council has a particular interest in preventing oil spills large and small. Click here www.islandstrust.bc.ca/news/chaircorrespondence11.cfm to read this year's advocacy letters. More detailed information on our advocacy initiatives is also found on page 18.

A working group consisting of a consultant, ten staff and two Executive Committee members drafted a first nations consultation strategy that sets priorities for short and long term actions to improve relationships with more than 20 first nations with interests in the Islands Trust Area. The group's vision is "to have enduring relationships with first nations based on trust, honour and goodwill," and its mission is "to respect first nations constitutional rights while carrying out the Object of the Islands Trust."

New direction for Council's work on advocacy, first nations relations and other priorities will come from Council's 2011-2014 strategic plan, which should be finalized at our September 2012 meeting.

Community Stewardship Awards 2011

Each year, the Islands Trust recognizes individuals and groups who support the Islands Trust mandate with significant contributions towards preserving the community, culture or the natural environment of an island.

The individual awards recipients in 2011 were Sue Ellen Fast of Bowen Island, for her community and conservation work and to Galiano Island's Jane Wolverton for her work with the Galiano Food Program. Group awards went to the Hornby New Clinic Committee for planning, coordinating and building a new community medical clinic and to the Pender Island Fire Rescue Department for serving and protecting the Pender Islands. Barry Mathias of the Pender Islands was recognized with the climate change award for the Car Stops Program.

Sara Steil of the Pender Islands was also acknowledged with a special enduring achievement award for her community and conservation work.

I am grateful to the many islanders who work to steward these beautiful islands.



Sheila Malcolmson, Chair, Islands Trust Council

Message from the Trust Fund Board Chair

When Lasqueti Islander John Osland passed away in 2010, the island community learned that John had left his property to the Trust Fund Board, protecting the land and ancient trees on the property forever. This past year, John's vision for his land became a reality. The John Osland Nature Reserve was transferred to the Islands Trust Fund in 2011 to become our twenty-first nature reserve. John's legacy will live on forever in the habitat he's protected — a lasting gift to his community and the Islands Trust Area. (See page 39)

The Trust Fund provides information, support, resources and opportunities to empower people to conserve their island landscapes and the biodiversity they provide. The true conservation heroes are the individuals like John Osland and others mentioned in this report, who are safeguarding island habitat for the future. Those who actively support land conservation are leaders in keeping these islands we love beautifully natural. They inspire the work we do.

People give to land conservation in different ways. Some, like John, give a gift of land, creating sanctuaries of habitat for future species. Others, like Bob and Fran Rose, or Marilyn King, give conservation covenants, binding promises to protect private property in perpetuity. Some people give their time, volunteering with one of the dozen or more local land trusts in the islands, working with others to reach conservation milestones in our communities. Still others give money, enabling organizations like the Islands Trust Fund to carry out conservation work on their behalf, contributing directly to the ecological health of our region.

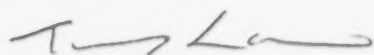
This past year, we've been inspired by the many ways that people give to conservation. They are part of a community that cares deeply about our islands' sensitive ecosystems and habitat. What continues to surprise us is that the community is nation-wide; people across Canada give to conservation in the Islands Trust Area. The islands and these waters are truly recognized as a national treasure.

To ensure responsible management of this treasure, the Islands Trust Fund has a full time property manager. We are committed to fulfilling our role as custodians of the special values of the lands we protect.

The Trust Fund Board continues to work with diligence and vision to identify how we can best focus our conservation efforts in the islands to save those landscapes and ecosystems most in danger of disappearing. We encourage all who love these islands to join us in that effort. Working hand in hand with the islands' conservation heroes, we can sustain these special places into the future.



Christine Torgrimson, Chair, Trust Fund Board
January – December 2011



Tony Law, Chairperson
January – March 2012

Message from the Chief Administrative Officer

This fiscal year was a time of intense activity as one term of office came to an end and another began in early December 2011. Trustees and staff worked throughout 2011 to complete a multitude of projects — some initiated early in the term — before we entered the new election cycle. This intense activity was followed by renewal, as we welcomed 15 enthusiastic and newly elected trustees to the 26 seats at the Trust Council table. With so many new faces, staff put an extra effort into orientation to ensure trustees were well-equipped to take on their new roles as representatives of their island communities. Almost all of Trust Council's December 2011 meeting was devoted to orientation (and refreshers for experienced trustees) on topics as diverse as land use planning, ethics, meeting procedures and financial management. By the time the March 2012 meeting of Trust Council had arrived, new trustees were clearly beginning to find their way, working to identify new community priorities for the new term.

Behind the Scenes

While many of our staff work at the forefront of Islands Trust operations, regularly visible at public meetings or reception counters, others do important work behind the scenes to make the Islands Trust function smoothly. Some of the vital, but almost invisible work undertaken by staff this fiscal year included:

Records Management Project

Like any similar organization, the Islands Trust has a lot of files! And they must be managed in an efficient and timely way, ensuring they are accessible and available to the public, trustees and staff. Unfortunately, a lack of resources in earlier years meant our filing system had not been updated since the Islands Trust was created and over 35 years of archives were stacking up in a warehouse, at unnecessary expense. Once our new Legislative Services Manager position was filled in 2010, things began to look up in the records management department. First, an up-to-date file classification system was developed, following a standard model created by the Local Government Management Association. During the 2011-2012 fiscal year, Islands Trust Council adopted a bylaw that endorsed the new system, along with new procedures for managing our many records.

As the fiscal year ended, all paper files had been converted to the new system, based on best practices in records management. The new classification system also identifies the retention schedule for each classification category based on legal requirements. We are now systematically sorting through those old warehouse files, cataloguing and saving the important ones. Duplicate and unimportant documents are being purged, with significant savings in storage costs.

Electronic document management, including emails, will be the next area of focus of this multi-year records management project.

Professional Development

Land use planning is not for amateurs! And as it makes up so much of the work of the Islands Trust, we put a lot of emphasis on ensuring our planning staff can take advantage of opportunities for professional development. In British Columbia, this often means attending and participating in training opportunities provided by the planners' professional organization — the Planning Institute of BC. In 2011, the annual conference was close to home, held from May 31 to June 3 in Nanaimo. Islands Trust staff not only learned new skills, they played a significant role in contributing to this successful conference.

Regional Planning Manager Chris Jackson from our Northern office on Gabriola Island was on the organizing committee. They met for more than a year to plan the four-day event that

attracted more than 425 planners and related professionals from across the province. Chris was also a master of ceremonies during the conference. Chris Jackson and planners Sonja Zupanec, Kaitlin Kazmierowski and Courtney Campbell volunteered as session moderators while other planners from all three Islands Trust offices attended the conference.

Kaitlin Kazmierowski and Courtney Campbell presented at a session focussed on food security and agriculture planning. Kaitlin made a presentation on food security in the Islands Trust area based on the report she prepared for Trust Council, and Courtney presented the Denman Island Agriculture Strategy with the two consultants who worked on the project. There was a lot of interest in the Islands Trust work from other local government planners who are addressing similar topics in their own communities.

MapIT

The GIS (Geographical Information System) staff at the Islands Trust have had a vision for some time of giving islanders easy online access to the wealth of mapping information that the Islands Trust staff and trustees use during the land use planning process. Using a lot of innovative thinking and very little budget, they developed and launched MapIT, our new online mapping system, in January 2012. It quickly proved popular, with almost 6400 hits by the end of the fiscal year. People can now explore the islands with the click of a mouse in their own home. Go to the MapIT logo on the Islands Trust homepage. Highlights of MapIT include:

- an intuitive easy-to-use interface;
- up-to-date information, including sensitive ecosystems, zoning and publicly-available property information such as assessment and land title data;
- access to Trust-wide topographic, contour, road, lot line and air photo data;
- standard web map tools and functionality that allow you to control visible layers, adjust transparency and explore associated features;
- mark-up tools for adding text and graphics to your map;
- measuring tools to determine distance or area;
- access to current and historical air photos;
- integration of Google Street View (where available);
- printable maps and reports; and
- compatible with standard web browsers.

2011-2012 Staff – Comings and Goings

This fiscal year saw a few staff changes, as some staff retired, accepted promotions, or went on to new opportunities. This year, we said goodbye to:

- **Craig Elder**, our Director of Administrative Services – Craig was originally hired on February 4, 2005 and acted ably as Islands Trust treasurer until his retirement on March 31, 2012.
- **Alison Fox**, hired as Planner on Salt Spring Island in 2004 – left the Islands Trust to take on a new position with the Ministry of Agriculture in May 2011.

We also congratulated some existing staff who were promoted to new roles at the Islands Trust and some new staff, joining us for the first time. Those transitions included:

- **Cindy Shelest**, who joined the Islands Trust on January 16, 2012 as our new Director of Administrative Services, replacing **Craig Elder**. Cindy is a Certified General Accountant and Certified Human Resources Professional with 23 years of experience in a variety of finance positions for government and private organizations.
- **Robert Kojima** was promoted from Island Planner to Regional Planning Manager of our Southern Team, effective April 12, 2011 (replacing **David Marlcor** who became the new

Director of Local Planning Services on April 1, 2011).

- **Kaitlin Kazmierowski**, moved from our Northern team to our Southern team to replace **Robert Kojima** as an Island Planner effective July 4, 2011.
- **Chloe Fox** joined the Islands Trust on September 6, 2011 as Island Planner in our Northern office, filling the position left by **Kaitlin Kazmierowski**.
- **Justine Starke** was appointed to an Island Planner position in our Salt Spring office on April 8, 2011, replacing **Mark Broderick**, who had left November 2010 to accept a position with the District of North Saanich.
- **Stefan Cermak**, replaced **Justine Stark** as Planner 2 on Salt Spring Island on May 30, 2011.
- **Caitlin Brownrigg**, was hired September 19, 2011 as a Planner 1, to replace **Stefan Cermak**.
- **Kris Nichols** was hired February 6, 2012 as a Planner 1, with our Southern Team, filling the position vacated by **Alison Fox**.
- **Corlynn Strachan** was hired June 20, 2011 as a part-time Receptionist in our Victoria office.
- **Geoff Kinnear** was hired April 4, 2011 as an auxiliary part-time Bylaw Enforcement Officer for the Southern Islands.

Staff Recognition

At the December 2011 meeting of Trust Council, I had the pleasure of presenting the fifth annual staff recognition awards. Our staff recognition award program was developed by staff to recognize the achievements and contributions of their colleagues.

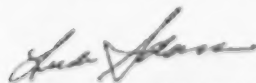
The Service Excellence Award goes to an individual who provides excellent customer service (internally or externally), is courteous, cooperative and dependable, assists others and is an excellent team member. There were four nominations for the award this year. The winner of the Islands Trust Service Excellence Award for 2011 was Finance Officer Nancy Roggers for her professionalism and excellent level of service to Local Planning Services.

The Excellence in Leadership Award is for an individual who encourages teamwork, empowers the team, mentors staff and communicates well. The 2011 recipient of the Islands Trust Excellence in Leadership Award was Island Planner Justine Starke, who "brought life to her projects and the office in general. Justine pursues the highest ideals of Islands Trust, guiding planning staff via engagement and sharing of experiences."

The Unsung Hero Award goes to an individual who willingly takes on tasks no one else want to do and for dependability, courtesy, cooperation and assisting others. This year's winner was Planner Kristen Aasen who "processes more applications than seems human."

The Innovation Award is for an individual or group for a particularly innovative program, project, system or process, for efficiency and for going over and above the normal job description. The award in 2011 went to the Geographic Information Systems team of Barb Dashwood, GIS Technician, Mark Van Bakel, GIS Coordinator and Blair Underhill GIS Coop Student. The team provides essential mapping services reliably, quickly and beautifully and has shown great creativity and innovation in delivering those essential services. Their work supports local trust committees and staff by providing up-to-date, accurate mapping resources.

The Legacy Award goes to a staff member who has done something that makes a significant difference for all of us who work for the islands. I was delighted to present Craig Elder, outgoing Director of Administrative Services who retired in March 2012, with the 2011 Legacy Award for his exceptional leadership, encouragement and continuing education opportunities for his Administrative Services Team.



Linda Adams, Chief Administrative Officer

The Islands Trust Area

The Islands Trust Area covers the islands and waters between the British Columbia mainland and southern Vancouver Island, including Howe Sound and as far north as Comox, with the exception of Texada Island. It is approximately 5200 square kilometres (2000 square miles) in size and has a resident population of more than 25,000.

Located in the Strait of Georgia and Howe Sound, the Islands Trust Area is a unique and special place — a scenic archipelago of 13 large islands and more than 450 smaller islands and islets. The area provides habitats for an exceptional variety of species: more than 200 types of migratory and resident birds and numerous species of fish and other marine and intertidal life, terrestrial wildlife and vegetation. Outstanding scenery and recreational resources include panoramic viewpoints, sheltered bays, protected marine waterways and anchorages, all of which contribute to the beauty, appeal and tranquility of this area.

The unique natural environment of the islands in the Strait of Georgia and Howe Sound has given the area national recognition. Realizing this, the government of British Columbia enacted special protective legislation in 1974 entitled the *Islands Trust Act*. The Act states that the object of the Islands Trust is to "preserve and protect the Trust Area and its unique amenities and environment for the benefit of the residents of the Trust Area and of British Columbia generally, in cooperation with the municipalities, regional districts, improvement districts, other persons and organizations, and the government of British Columbia".



Organization & Responsibilities

The Islands Trust is a unique federation of local government bodies, including Bowen Island Municipality, which plans land use and regulate development in the Trust Area. Like other communities in British Columbia, island communities elect their local representatives every three years.

Two local trustees are elected for each group of islands designated as a local trust area or island municipality. For the twelve local trust areas, the two local trustees, together with an appointed chair from the Executive Committee, are responsible for the land use decisions within their local area. For Bowen Island Municipality, the two local trustees are part of a seven-member council that is responsible for all functions of a local government, including land use decisions. Unlike the Bowen Island Municipal Council, each local trust committee has jurisdictional authority for the smaller islands and water that surround the major island in that local trust area.

The Islands Trust consists of a number of distinct corporate entities: the Trust Council, Executive Committee, twelve local trust committees and Trust Fund Board. The Bowen Island Municipality is also located within the Islands Trust Area. Two municipal trustees represent the Bowen Island Municipal Council on Trust Council. The Bowen Island Municipal Council has responsibilities related to the *Islands Trust Act*.

The Islands Trust Council

The twenty-six member Islands Trust Council establishes general policies for carrying out the object of the Islands Trust. Trust Council also adopts an operational budget for the Islands Trust and manages the financial undertakings of all parts of the Islands Trust except for the Trust Fund, which manages its own operations. Trust Council appoints staff and auditors and adopts an annual budget. Tax levies on properties within the Trust Area are the primary funding source for the operations of the Islands Trust; additional revenue comes from a provincial grant and development application fees.

The *Islands Trust Act* requires Trust Council to implement the Trust Policy Statement that is applicable to the whole Trust Area. The Minister of Community, Sport and Cultural Development must approve the Policy Statement before it is adopted. The Policy Statement provides broad policy guidelines for Trust Council, the Trust Fund Board and the local trust committees and island municipality regarding the protection of ecosystems, the stewardship of resources and the promotion of sustainable communities. The positions and philosophy of Trust Council contained in the Policy Statement also constitute a policy framework for reference by the public and other agencies such as the regional districts of the Trust Area, the Province and its agencies.

Trust Council has three standing committees of trustees — the Local Planning Committee, Trust Programs Committee and Financial Planning Committee — which provide policy advice to Trust Council on issues referred by the Council and on committee initiatives.

Executive Committee

The Executive Committee comprises the Chair of the Islands Trust Council and three Vice-Chairs, all of whom are elected for a three-year term by Trust Council from among its members. The Executive Committee carries out the daily business of the Islands Trust and reviews the bylaws of local trust committees to ensure compliance with the Islands Trust object and the Trust Policy Statement. The Executive Committee also acts as a local trust committee for a particular part of the Trust Area that is not included in any of the local trust areas or the island municipality.

Executive Committee (as of December 6, 2011)

Sheila Malcolmson, Chair, Gabriola Island
 David Graham, Vice-Chair, Denman Island
 Ken Hancock, Vice-Chair, North Pender Island
 Peter Luckham Vice-Chair, Thetis Island

Executive Committee (to December 6, 2011)

Sheila Malcolmson, Chair, Gabriola Island
 Louise Bell, Vice-Chair, Denman Island
 Peter Luckham Vice-Chair, Thetis Island
 Gary Steeves, Vice-Chair, North Pender Island

Local Trust Committees / Island Municipality

A local trust committee exists for each group of islands designated as a local trust area under the *Islands Trust Act*, except for Bowen Island, which is an island municipality.

Each local trust committee has three members — two locally elected trustees and one Executive Committee member who serves as Chair. A local trust committee is responsible for land use planning and regulation for its area of jurisdiction. The responsibilities include preparation and adoption of Official Community Plans, Land Use Bylaws, zoning and subdivision bylaws, regulation of soil removal and deposit, and authorization of permits under Part 26 of the *Local Government Act*.

The Bowen Island Municipality is served by a seven-member Council which holds broad municipal powers including land use planning. Two of the municipal councilors are elected to Trust Council by the community.

The *Islands Trust Act* requires all local trust committees to submit all bylaws to the Executive Committee for approval before they can be adopted. Island municipalities must submit an Official Community Plan to the Executive Committee for approval before adoption. Any island municipality bylaw that refers to matters included in the Trust Policy Statement also requires Executive Committee approval. The *Islands Trust Act* and Municipal Letters Patent establish the necessary procedures, should the Executive Committee find a bylaw at variance or contrary to the Trust Policy Statement.

Trustees as of December 6th, 2011

In November 2011 the following individuals were elected as trustees and formed the Islands Trust Council in December 2011. Eleven incumbents (+) and 15 new trustees were sworn in on December 6, 2011.

Bowen

Wolfgang Duntz, Andrew Stone

Denman

Laura Busheikin, David Graham (+)

Gabriola

Sheila Malcolmson (+), Gisele Rudischer

Galiano

Louise Decario (+), Sandy Pottle (+)

Gambier

Jan Hagedorn (+), Kate-Louise Stamford

Hornby

Alex Allen, Tony Law (+)

Lasqueti

Peter Johnston, Susan Ann Morrison (+)

Mayne

Brian Crumblehulme, Jeanine Dodds (+)

North Pender

Ken Hancock, Gary Steeves (+)

Salt Spring

George Grams, Peter Grove

Saturna

Paul Brent, Pam Janszen

South Pender

Mike Jones, Liz Montague

Thetis

Sue French (+), Peter Luckham (+)

Trustees 2008 to December, 2011

Prior to the 2011 local government election the following trustees formed the Islands Trust Council.

Bowen

Alison Morse, Nerys Poole

Denman

Louise Bell, David Graham

Gabriola

Deborah Ferens, Sheila Malcolmson

Galiano

Louise Decario, Sandy Pottle

Gambier

Joyce Clegg, Jan Hagedorn

Hornby

Fred Hunt, Tony Law

Lasqueti

Jen Gobby, Susan Ann Morrison

Mayne

Jeanine Dodds, Colin Shew

North Pender

Derek Masselink, Gary Steeves

Salt Spring

George Ehring, Christine Torggrimson

Saturna

John Money (until October 7 2010)

Dian Johnstone (from February 15 2011)

Beverley Neff

South Pender

David Greer, Wendy Scholefield

Thetis

Sue French, Peter Luckham

Trust Fund Board

The Trust Fund Board has six members: two trustees elected by Trust Council, one trustee appointed by the Executive Committee and three members appointed by the Minister of Community, Sport and Cultural Development for terms of one to three years.

As the conservation land trust of the Islands Trust, the Islands Trust Fund acquires and manages land for conservation, receives donations of land, conservation covenants and cash to help preserve places of natural or cultural significance within the Trust Area, and undertakes stewardship education activities. The Islands Trust Fund provides tax receipts for all eligible donations.

Every five years, the Trust Fund Board prepares an Islands Trust Fund Plan for approval by the Minister of Community, Sport and Cultural Development, to establish policies regarding the operations of the Islands Trust Fund. In 2010, the Trust Fund Board adopted the 2011-2015 Regional Conservation Plan, which will help the Islands Trust Fund and its partners focus limited resources on the areas and projects that yield the greatest benefit to biodiversity in the islands.

Trust Fund Board Members

Christine Torggrimson, Salt Spring Island (January 2008 – December 2011,

Chair, January 2009 – December 2011)

Louise Bell, Denman Island (December 2008 – December 2011)

Nerys Poole, Bowen Island (December 2008 – December 2011)

Michael Dunn, Mayne Island (Appointed Member, January 2008 – December 2011)

Tony Law, Hornby Island (December 2011 – present, Chair, January 2012 – present)

Peter Luckham, Thetis Island (December 2011 – present)

Susan Morrison, Lasqueti Island (December 2011 – present)

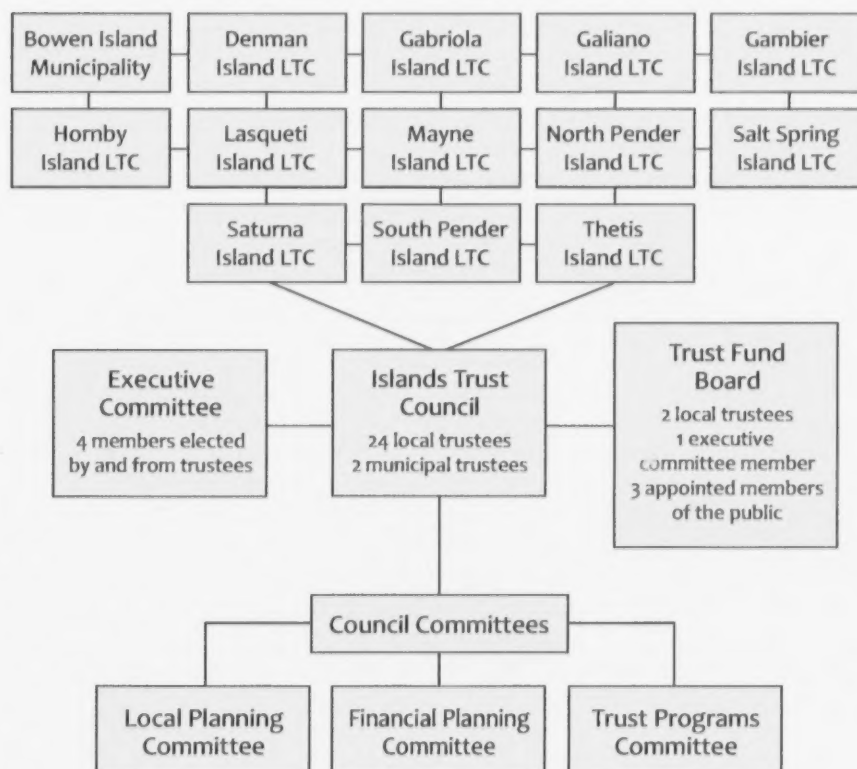
Dereck Atha, Mayne Island (Appointed Member, June 2010 – present)

Julie Glover, Vancouver and Hornby Island (Appointed Member, December 2011 – present)

Robert Grant, Vancouver and Denman Island (Appointed Member, July 2009 – present)

Islands Trust Legislative Structure

Local Trust Committees and Island Municipalities



Annual Report 2011-2012

Accomplishments

Strategic Plan for the 2008-2011 Term

Trust Council uses a strategic plan to set priorities and goals for each term. A strategic plan was adopted in September 2009 and updated March 24, 2010 to align Council's strategic priorities with its budget. The goals for this term were:

Goal 1 Ecosystem Preservation and Protection

We can create a legacy for the future by preserving and protecting the most significant parts of our natural environment:

- We will identify and protect our most significant riparian areas.
- We will improve the identification and protection of island biodiversity, as well as our most sensitive environments, and significant natural areas.
- We will work to reduce greenhouse gas emissions, both by managing our internal operations and by fostering energy-efficient communities in our land use decisions.

Goal 2 Stewardship of Island Resources

We will work to steward island resources, and to ensure that the scale, rate and type of development is compatible with the maintenance of island ecosystems.

- We will use land use planning tools to address the sustainability and quality of freshwater resources.
- We will support initiatives to achieve reliable, adequate and sustainable funding for the Trust Fund Board, our conservation land trust.
- We will take steps to advance good management of coastal areas, by encouraging landowner stewardship and by considering new planning tools.

Goal 3 Sustain Island Character and Healthy Communities

We recognize that the health of our communities is improved if our islands are safe and secure, if there is strong public involvement in decision-making, and if we accommodate people of differing age groups and income levels.

- We will work to support and restore socio-economic diversity with strategies for affordable, accessible and appropriate community housing.
- We will work to understand and minimize the negative effects that climate change could have on island communities.
- We will cultivate community engagement and participation in land use planning.

Goal 4 Organizational Effectiveness

Our island communities need effective and efficient government services.

- We will continue our work to provide services on an increasingly cost-effective basis.
- We will encourage recognition and support of the Islands Trust object by our communities and by other agencies and levels of government.

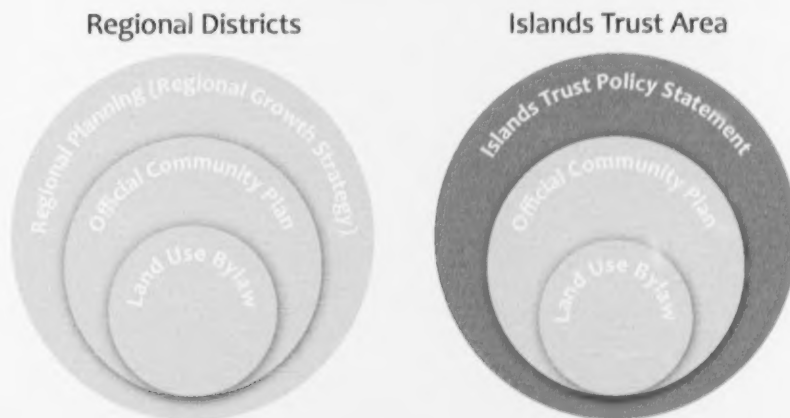
Trust Council's work flows from this strategic plan. A copy of the complete plan is available on the Islands Trust web site at: www.islandstrust.bc.ca/tc/pdf/tcstrategicagenda2008-2011.pdf. A strategic plan for the 2011-2014 term will be complete by the September 2012 quarterly meeting of Trust Council.

1. Executive Committee

The Executive Committee has a variety of responsibilities. In addition to the responsibilities of individual members serving as chair of local trust committees, the committee oversees external communications for the Islands Trust, liaises with the provincial government, reviews and implements the Trust Policy Statement and conducts other functions as directed by Trust Council.

Policy Statement Implementation

BC's Land Use Planning System –
from Regional Vision to Local Regulation



Trust Council has a goal to review the Policy Statement every five years, although this has not been accomplished consistently due to competing priorities and the anticipated costs. During 2010-2011, a Policy Statement Assessment Task Force completed a review of the Trust Policy Statement. Trust Council then directed staff to apply to Canada's Gas Tax Fund under the planning category in April 2011, for sufficient funding to support a two-year consultation process to review the Policy Statement. In December 2011, the Islands Trust was offered up to \$250,000, and the decision of whether to accept the funding fell to the newly elected council. After in-depth deliberations on the impact of the proposed two-year review on the work of trustees and staff, and taking into account concerns voiced by the public, Trust Council decided not to proceed with a comprehensive review of the Policy Statement in the 2011-14 term and not to accept the offer of funding from Canada's Gas Tax Fund. In March 2012, Council asked staff to develop alternative approaches to implementing the Policy Statement within the current budget.

Grants Program

The grants program seeks funding from outside agencies to enable Trust Council, Local Trust Committees and Island Municipalities to take on strategic projects without taxing island property owners. The Islands Trust has recently been recognized by the Canada Revenue Agency as a qualified donee for work classified as 'charitable' under Canada Revenue Agency definitions. This enables access to funding from private foundations and other charitable donors.

During 2011-2012, twelve grants supported eight different projects. Grants totalling \$163,400 had been received in 2010-2011 for projects still in progress during 2011-2012, and grants totalling \$17,200 were added during 2011-12:

- Investment Agriculture Foundation of British Columbia funded the development of the Denman Island Agriculture Area Strategy and ensuing Plan, to be completed in 2012-2013.
- DenmanWorks funded a survey of Denman Island agricultural producers and consumers, completed in summer 2011.
- Pacific Climate Impacts Consortium, the Real Estate Foundation of British Columbia and the Stewardship Council for BC continued their support of the Trust-area wide, ongoing Green Shores for Homes program.
- Solar BC grants supported the ongoing development of the Community Energy System on Lasqueti Island and the now completed Salt Spring Island Solar Community project.
- Service Canada's New Horizon for Seniors Program supported an intergenerational video project intended to highlight and celebrate civic leadership on the islands.
- UBCM's Seniors Housing & Support Initiative provided two grants, both completed in May 2011, to support a Trust area-wide Seniors Affordable Housing Strategy and a Seniors Community Gardens project carried out on three islands.

Communications

News Releases

The Islands Trust issued 28 news releases in 2011-2012 on subjects including bylaw enforcement, public input on the annual budget, quarterly Islands Trust Council meetings and agendas, land conservation activities, Community Stewardship Awards, special initiatives, court decisions and staff appointments. Islands Trust news releases are distributed to local media throughout the Islands Trust Area and outlying media interested in the area, other elected officials, and other interested agencies and governments, as well as subscribers to the Islands Trust electronic distribution service.

Electronic Communications

In 2011-2012 the Islands Trust website had almost 106,000 visits and 292,309 individual page views, but the site was due for an overhaul. At its final meeting in 2010-2011, Trust Council approved \$40,000 to upgrade the Islands Trust website for improved customer service and a more open and transparent government. Trust Area Services staff sought competitive bids early in 2011-2012 and the new website will be launched in 2012. The new software platform enables staff in all the offices to update the site quickly and easily, and to customize pages for each local trust committee.

Anyone may subscribe to e-mail notifications of information including news releases, chair correspondence, local island updates, meeting schedules and new publications. Nearly 2000 subscribers take advantage of this service. To subscribe to one or more topics click "subscriber options" on the homepage www.islandstrust.bc.ca.

The Islands Trust also has a twitter feed under the user name Islands_Trust.

Executive Committee Advocacy

The Executive Committee takes direction for its advocacy program from both the Trust Policy Statement and Trust Council's Strategic Plan. The Policy Statement states that *to achieve its object, the Islands Trust must be an educator, coordinator, and initiator, guiding individuals, organizations and other agencies in support of the object. While the Islands Trust can provide the necessary leadership, responsibility for stewardship of the Trust Area rests with many. Individuals, other government agencies, organizations, and the Province itself all have important roles to play. Cooperative actions are required of other agencies, organizations and individuals to ensure that activities are carried out in a manner that is sensitive to the needs of Trust Area ecosystems and island communities.*

In response to concerns raised by communities through their elected trustees and supported by the 2008-11 Strategic Plan objective 4.2 "To encourage recognition and support of the Islands Trust object in policies and programs of other levels of government and agencies," Trust Council continued to support enhanced levels of advocacy, with a high priority on marine topics. The resulting letters from the Islands Trust Council Chair as well as submissions by the Executive Committee can be read in full on the Chair Correspondence page on the Islands Trust website.

In 2011, the Executive Committee took action on Trust Council's advocacy priorities by writing letters, preparing presentations, hosting meetings, and working with partners on the following topics.

Ecosystem Preservation and Protection

Oil spill preparedness and response: Geographic Response Plans, Unconventional Oils, 2012 Federal Budget (consistent with Policy Statement policies 3.1.9; 5.3.8)

On June 30, 2011, Chair Malcolmson wrote to the Honourable Denis Lebel, federal Minister of Transport, Infrastructure and Communities requesting geographic response plans for oil spills in the Islands Trust Area, in support of the recommendation of the Transport Canada Pacific Regional Advisory Council on Oil Spills which proposed establishing a pilot project to determine a response plan. She explained that the Islands Trust Area should be considered a priority for oil spill prevention planning as petroleum products spilled in the Salish Sea will not readily flush out to sea and disperse and because the circular tides and currents of the region will result in the oil spill repeatedly washing up on local shorelines and needing repeated cleanup, and because the route travelled by vessels in this area is close to shore, making it essential to have a rapid, effective on-water and near-shore response.

In August, 2011, Minister Lebel responded and said that the proposal was being considered by the planning and logistics sub-committees of a Director General Interdepartmental Marine Pollution planning and logistics sub-committees and that "[t]he Coast Guard will continue the cyclical updating of regional and area plans, which includes consultations with coastal communities, first nations, municipal province and territorial authorities, industry and other stakeholders."

In November, 2011, Chair Malcolmson again wrote to the Honourable Denis Lebel to request information about the current state of oil spill response preparedness for unconventional oils which are much heavier and stickier than conventional types of oil. Minister Lebel responded in March, 2012, and stated "Transport Canada continues to collaborate with its international and federal partners to develop and implement a range of prevention and preparedness initiatives" and that "Canadian response regime experts are working collaboratively to ensure that industry and government can respond, as regulated, to all types of oil spills."

On February 6, 2012, Chair Malcolmson wrote to the Honourable James M. Flaherty, federal Minister of Finance requesting that Budget 2012 maintain or increase staffing and funding levels for oil spill mitigation, preparedness, response, and recovery activities in all departments, including Transport Canada, Environment Canada, Fisheries and Oceans Canada and the Canadian Coast Guard.

On March 26, 2012, Chair Malcolmson and Vice-Chair Peter Luckham participated in a San Juan Marine Managers workshop on oil spill preparedness with members of the San Juan County Council and local, state and federal United States representatives. A principle of the Islands Trust marine advocacy program is that the Salish Sea is an ecosystem that does not recognize human borders and jurisdictions so it is important that regulatory agencies and communities work together to develop solutions that reflect this reality. Shipping traffic in local waterways is predicted to increase as the provincial and federal governments press for more shipping activity through their Pacific Gateway and Asia-Pacific Gateway programs.

The growing risk of oil spills posed by these increases is of concern to agencies on both sides of border.

Oil Tanker Traffic Increases: National Energy Board (consistent with Policy Statement policies 3.1.6; 3.1.9)

In June, 2011, Chair Malcolmson wrote to the National Energy Board regarding Kinder Morgan's Trans Mountain Pipeline's Firm Service Application to express concern that approval of the application would lay the foundation for increasing tanker traffic in the Salish Sea and to request more consultation with coastal communities before the Board made a decision. The Chair expressed concern that the contractual certainty the requested Firm Service transportation service agreements would offer to Canadian producers and their potential off-shore buyers, when combined with the requested reallocation of capacity, could lead to increases in tanker traffic.

In July, 2011, Secretary of the Board Anne-Marie Erickson wrote back to convey that the Board had received a number of letters requesting that the oral hearing be moved to Vancouver, Victoria or a Gulf Islands location, and that the deadline for filing comments be extended, but that "[t]he Board is not persuaded that the oral hearing should be moved to another location or that the deadline for filing comments should be extended." The National Energy Board approved the firm service application in November.

In September, 2011, at the Union of British Columbia Municipalities Convention, Executive Committee members supported late resolution LR6 on "Oil Pipelines and Tanker Traffic in BC" co-sponsored by the City of Victoria and City of Burnaby. The resolution was endorsed by the UBCM membership. It supported the Islands Trust's June 2011 submission to the National Energy Board highlighting concerns about Kinder Morgan's Trans Mountain Pipeline's application for "firm service" contracts. The resolution called on regulators to ensure that any applications to expand the amount of oil transported by pipeline or tanker in British Columbia undergo the highest degree of environmental assessment and include meaningful public consultation, including direct engagement with affected municipalities, regional authorities and British Columbia first nations.

In December, 2011, Chair Malcolmson was a joint signatory on a letter to the National Energy Board with the following local government mayors: Mayor Derek Corrigan, City of Burnaby; Mayor Darell Mussatto, City of North Vancouver; Mayor Dean Fortin, City of Victoria; Mayor Darren Inkster, District of Sechelt; Mayor Lois Jackson, Corporation of Delta; and Mayor Ken Lalamen, Resort Municipality of Whistler. The letter included a request "that the Board ensure that there is a robust process of public consultation and hearings, providing ample opportunity for involvement by our residents and civic governments, before any decision is made to permit the expansion of crude oil flows and oil tanker traffic through Vancouver harbour."

Derelict and Abandoned Vessels, Barges and Docks: long-term solutions, support for Bill C-231; Joint Working Group participation (consistent with Policy Statement policy 3.1.9)

At the Union of British Columbia Municipalities convention, the four members of the Islands Trust Council's Executive Committee met with the Honourable Steve Thomson, Minister of Forests, Lands and Natural Resource Operations and included representatives from other local governments to seek an update on the province's commitment to collaborate with other agencies on the removal of abandoned vessels and docks. At the meeting Chair Malcolmson asked Minister Thomson about the province's intention to address the problems, and requested that Minister Thomson lobby the federal government on behalf of local governments.

In response to this request, Minister Thomson wrote to the Honourable Denis Lebel, federal Minister of Transportation, Infrastructure and Communities on October 31, 2011, to "request an update on the federal ministry's initiative to fund and remove abandoned and derelict vessels and floating structure (vessels) along the Pacific Coast and within the inland waters of British Columbia."

In September 2011 Chair Malcolmson wrote to Minister Lebel in support of Bill C-231, an *Act to Amend the Canada Shipping Act, 2001* tabled by Jean Crowder, Member of Parliament for Nanaimo-Cowichan. In her letter Chair Malcolmson said "The Islands Trust has been active for several years in seeking a sustainable solution from senior governments to address the increasing numbers of derelict vessels littering our coastlines. Our community members raise concerns regularly about the impacts that derelict vessels have on the environment, navigation and the aesthetics of our islands."

On October 25, 2011, Minister Lebel responded explaining that Transport Canada is working to develop a strategy to address issues related to abandoned and derelict vessels in Canada and will be proceeding with a study to assess the scope and extent of the problem. In January 2012 the Islands Trust staff, after requesting information from Islands Trust trustees, provided a four page response to the Transport Canada survey about derelict vessel issues.

In March, 2012, Chair Malcolmson wrote to Chair Joe Stanhope, President of the Association of Vancouver Island Coastal Communities to confirm that the Islands Trust would continue to be represented on the Joint Working Group for the Removal of Derelict Vessels in British Columbia, subject to Trust Council deciding to keep this topic on its strategic plan. She also encouraged the working group to develop a fact sheet for local governments answering commonly asked questions about dealing with derelict and abandoned vessels, barges and docks.

Plumper Sound Anchorage (consistent with Policy Statement policies 3.1.9; 5.1.2)

In April, 2011, Chair Malcolmson wrote to Capt. To For (John) Yeung, Regional Director, Transport Canada, Marine and Robin Silvester, President and Chief Executive Officer, Port Metro Vancouver to convey concerns by community members about an increase in the number of vessels anchored in Plumper Sound and vessels dragging their anchors during storms. In a May 2011 response, Capt. Yeung explained why there had been an increase in anchored vessels and noted that Transport Canada Marine Safety values the close working relationship it has had with Islands Trust for 25 years working together on issues relating to Plumper Sound and the Southern Gulf Islands. "We feel that your members are the ears and eyes of the area and we value your input and thoughts on any solutions you may wish to propose," said Yeung.

In April, Chair Malcolmson also wrote to Stephen Brown, President of the Chamber of Shipping of British Columbia and Kevin Obermeyer, President and CEO of the Pacific Pilotage Authority to express appreciation that, in response to prior correspondence with Islands Trust, the Chamber of Shipping had issued the *Memo to Masters of Vessels using Plumper Sound Anchorages*. The memo outlined specific steps to be taken by the crews of anchored vessels to minimize light and noise pollution. She also expressed her appreciation that in June 2010, in consultation with industry, Transport Canada issued an *Anchorage Advisory for Plumper Sound* to advise ships masters and agents that there are special safety guidelines to observe when using the anchorage. In the letter she explained that despite these measures residents continued to experience noise and light pollution from anchored vessels and that there was another incident in Plumper Sound when on March 2, 2011, the *Cape Vanguard* dragged anchor during a forecasted wind storm and came within 200 metres of shore.

Concerns about Impacts and Risks of Increased Container Vessel Traffic (consistent with Policy Statement policies 3.1.9; 5.1.2; 5.3.8)

On November 9, 2011, Chair Malcolmson wrote to Port Metro Vancouver to request that studies into the Deltaport Terminal, Road and Rail Improvement Project address the potential social and environmental impacts of increased container vessel traffic on the waterways and communities of the Salish Sea.

Proposed National Marine Conservation Area Reserve in the southern Strait of Georgia (consistent with Policy Statement policies 3.4.2; 3.4.6)

In April, 2011, Chair Malcolmson wrote to elected officials of partner local governments who had attended an Islands Trust meeting with the Honourable Barry Penner in 2010 to update them on progress towards establishment of the Southern Strait of Georgia National Marine Conservation Area Reserve and to encourage them to continue to advocate for the conservation area.

On October 13, 2011, the Honourable Peter Kent, Canada's Environment Minister and Minister responsible for Parks Canada, announced with the Honourable Terry Lake, British Columbia's Minister of Environment, that the governments of Canada and British Columbia had agreed on a proposed boundary for a national marine conservation area reserve in the Southern Strait of Georgia. The proposed area extends from the southern tip of Gabriola Island to Saanich Inlet and Cordova Bay, just north of Victoria. The ministers also announced that their governments will undertake in-depth consultations with first nations, local governments and stakeholders on the proposed national marine conservation area reserve. This announcement was welcome news as the trustees and staff of the Islands Trust have been involved in consultations on the proposed national marine conservation area reserve for over a decade and have continuously promoted the need for better marine protection to all levels of government.

Raven Underground Coal Mine (consistent with Policy Statement policy 3.1.9)

In June, 2011, Chair Malcolmson wrote to Andrew Rollo of the Canadian Environmental Assessment Agency and Rachel Shaw of the Environmental Assessment Office on behalf of the Islands Trust Council and of concerned residents of Denman and Hornby Islands to express concern about the proposed Raven Underground Coal Mine on Vancouver Island. She conveyed the need for the environmental assessment process to include a full review by a panel of independent experts and outlined concerns about the potential impact on marine water within the Islands Trust Area, in particular on Baynes Sound, and the greenhouse gas emissions that would result from the project.

Sustainable Communities

BC Ferries Fares and Service (consistent with Policy Statement policy 5.3.1)

In June, 2011, Chair Malcolmson wrote to the Honourable Blair Lekstrom, Minister of Transportation and Infrastructure, to request an increase in provincial support for BC Ferries, in order to stabilize BC Ferries fares on minor routes. In her letter, Chair Malcolmson said "the Islands Trust Area is the most ferry-dependent part of British Columbia, and BC's *Islands Trust Act* gives Trust Council a clear mandate to preserve and protect diverse island communities, for the benefit of all British Columbians. But we cannot achieve that provincial mandate alone. We are calling on your government to revisit its policy of expecting local people to carry the costs of operating what is clearly part of the provincial highway system." The Chair's letter outlined the impacts of increased ferry fares on island communities and businesses and referred to the 2009 Islands Trust Council resolution, endorsed by the Union of BC Municipalities, which requested that the

BC Ministry of Transportation and Infrastructure work with coastal communities and BC Ferries to develop a strategy for the minor southern coastal ferry routes, as proposed by the Ferry Advisory Committee Chairs.

In July, 2011, Chair Malcolmson met with Minister Lekstrom as part of a delegation led by the Powell River Regional District to discuss the goal of pricing all minor ferry routes at a level that will sustain the economies of ferry-dependent communities. After the meeting, Minister Lekstrom wrote to Chair Malcolmson to thank her for writing and meeting with him. In that letter he said "Families living in our island and coastal communities need affordable, efficient ferry service, and I understand British Columbians' frustration with the rising cost of ferry travel." He also referred to the comprehensive review of the *Coastal Ferry Act* to be conducted by BC Ferry Commissioner Gordon Macatee in 2011.

On September 15, 2011, the Islands Trust Council hosted a session with BC Ferry Commissioner Gordon Macatee and Deputy Commissioner Sheldon Stoilen to discuss issues related to ferry fares and their impacts on island communities. Chair Malcolmson gave a presentation illustrating the relationship of BC Ferries services to island communities, the impacts of rising fares and an evaluation of the delivery of the initial objectives of the *Coastal Ferry Act*.

Chair Malcolmson noted that island communities had developed over the past 50 years in step with the coastal ferry system, just as other BC communities grow in relation to the provincial road network. She pointed to former provincial ministers who treated the coastal ferry network as an important element in BC's economic development — as important as the highways they built into BC's hinterland. She emphasized that island communities developed based on repeated assurances that 'ferries are highways' and explained that contrary to some suggestions, Trust Area communities are not wealthy, with average family income below or close to average BC levels.

She explained that "In 2006, an Islands Trust position paper warned that rising fares could lead to decreased ridership, threatening the system's viability. The latest information about revenues indicates these concerns are becoming reality."

During the presentation, she also noted that declining ridership has negative impacts on the provincial economy as it results in decreased economic activity and declining provincial revenues. She further stated that fares have risen continually with no assessment of the socio-economic impacts on our communities and urged the government to take immediate action, while longer term solutions are developed.

Chair Malcolmson concluded with a number of recommendations for the commissioner. These included:

- a significant increase in the provincial contribution, to enable drastic and immediate fare cuts and fare freezes;
- that subsequent fare increases be at a level consistent with the Consumer Price Index;
- changes to the *Coastal Ferry Act* to recognize BC Ferries as an essential part of the public infrastructure, similar to provincial highway;
- a long term strategy for BC Ferries' service to the minor routes that considers the socio-economic impact of ferry fares and schedules and the sustainability of the ferry service itself; and,
- identification, in consultation with Ferry Advisory Committees, communities and local governments, options for modifying service to increase efficiency while meeting the needs of ferry-dependent communities.

In September, 2011, Chair Malcolmson participated in a meeting with the Honourable Christy Clark, Premier of British Columbia, the Honourable Blair Lekstrom, Minister of Transportation and Infrastructure and Regional District Chairs and presented on behalf of the communities served by the minor routes.

At the Union of British Columbia Municipalities Convention, Executive Committee members supported resolution A3 on BC Ferries rate increases. The resolution was endorsed with amendments suggested by the Islands Trust. The resolution called on the Union of British Columbia Municipalities to lobby the provincial government to:

recognize our coastal ferry services as essential extensions of our provincial public highway system and provide the independent BC Ferry Commission with a mandate to provide comprehensive recommendations aimed at creating equity between our terrestrial and marine highways and keeping jobs in coastal BC; and, to ensure that BC ferry fares are reduced and service levels are maintained at current levels until such time as the provincial government implements legislation that recognizes our coastal ferry services as essential extensions of our provincial public highway system and creates equity between BC's terrestrial and marine highway systems.

Slides from the Chair's presentation to the BC Ferry Commissioner and links to all other Islands Trust positions on BC Ferries are on the BC Ferries advocacy page of the Islands Trust website.

Proposed Artificial Reef (consistent with Policy Statement policy 3.4.3)

In June 2011 Trust Chair Malcolmson wrote to the Honourable Terry Lake, provincial Minister of Environment opposing the proposed sinking of the decommissioned destroyer escort Annapolis in Halkett Bay Marine Provincial Park for the purpose of creating an artificial reef based on the following concerns: environmental risks, possible zoning violation, inconsistency with the Trust Policy Statement, and lack of public consultation."

Minister Lake responded in August, 2011, saying "I appreciate the information you provided but must inform you that I remain committed to the proposal to sink the ship in Halkett Bay Provincial Marine Park as an artificial reef, pending final approval by the federal government undertaking a Canadian Environmental Assessment."

New Energy Vision (consistent with Policy Statement policy 5.8.8)

In June, 2011, Chair Malcolmson wrote to the Honourable Rich Coleman, provincial Minister of Energy and Mines and the Honourable Joe Oliver, federal Minister of Natural Resources Canada to advise that Trust Council had endorsed Tides Canada's April 2011 New Energy Vision for Canada, a vision of a Canada which by 2050 has largely moved from carbon-based to renewable energy sources, and a set of recommendations for a strategy that would deliver such a future.

Minister Oliver responded in July, stating that "federal, provincial and territorial officials have been discussing an approach to energy that ensures our energy policies are coordinated and serve the best interest of Canadians."

Smart Meters (consistent with Policy Statement policy 3.1.9)

In response to concerns by Islands Trust Area residents regarding the BC Hydro Smart Metering Program, Chair Malcolmson wrote to the President of BC Hydro in June encouraging the company to consult with Trust Area residents regarding smart metering and wrote to the Honourable Rich Coleman, provincial Minister of Energy and Mines and Minister responsible for BC Hydro in November to advise him that Trust Council had passed a resolution requesting that the Province place a moratorium on the mandatory installation of wireless smart meters until any problems identified regarding wireless smart meters are independently assessed and until acceptable alternatives can be made available at no added cost to the consumer.

Other Executive Committee Highlights

Working in Cooperation:

2011 Union of British Columbia Municipalities Annual Convention September 26-30

The annual UBCM convention allows Islands Trust representatives to meet, and share ideas with MLAs and Electoral Area Directors. Chair Sheila Malcolmson and Vice-Chairs Louise Bell, Peter Luckham and Gary Steeves represented the Islands Trust Council; Bowen Island Municipal Trustees Alison Morse and Nerys Poole attended on behalf of Bowen Island Municipal Council and Islands Trust Chief Administrative Officer Linda Adams also participated.

Islands Trust representatives met with MLAs Nicholas Simons – Powell River Sunshine Coast (Gambier), Murray Coell – Saanich North and the Islands (Salt Spring/Southern Gulf Islands), Don McRae – Comox Valley (Denman and Hornby), Doug Routley – Nanaimo North Cowichan (Gabriola and Thetis), Ron Cantelon – Parksville Qualicum (Lasqueti and Executive Islands) as well as Electoral Area Directors Maria Harris – Metro Vancouver Regional District (Gambier), Ken Hancock – Capital Regional District (Southern Gulf Islands), Mel Dorey – Cowichan Valley Regional District (Thetis), Bruce Jolliffe – Comox Valley Regional District (Denman and Hornby) Garry Nohr – Sunshine Coast Regional District (Gambier), Peter Frinton – Greater Vancouver Regional District (Bowen), Lee Turnbull – Sunshine Coast Regional District (Gambier LTA), Merrick Anderson – Powell River Regional District (Lasqueti), and Garth Hendren – Capital Regional District (Salt Spring Island).

Coastal Community Network

Chair Malcolmson participated in a meeting of the Coastal Community Network which represents municipalities, regional districts and tribal councils from BC's coastal communities and promotes sustainable economic and social development on the West Coast. The Coastal Community Network focuses on areas of agreement, but is not an advocacy group. The group discussed a wide range of issues, including oil spill preparedness, derelict vessels and BC Ferries.

San Juan County

At their September 2011 meeting on Salt Spring Island, members of Islands Trust Council and the San Juan County Council exchanged information and discussed areas of mutual interest, including shipping safety; oil spill prevention / response; ferries issues; affordable housing; and, the Green Shores project. Green Shores is a program of the Stewardship Centre for BC, a non-profit organization to support an information based approach to minimize the impacts of human settlements on the shoreline. In conjunction with the San Juan Islands, the Islands Trust has been creating a rating system that would recognize property owners applying Green Shores principles.

Trust Council Presentations

Trust Council heard a number of presentations during Trust Council quarterly meetings:

- by the Denman Island Marine Stewardship Committee about the marine environment surrounding Denman Island and particularly the Baynes Sound area;
- by Jan Garnett, Ecololegacy International and Mike Vitt, 3GreenTree Ecosystem Services Ltd. about carbon offsets and carbon neutral operations;
- by Noba Anderson, Electoral Area Director, Cortes Island, Strathcona Regional District about two island developments using the principles of sustainable rural design;

- by Anne Macey, Salt Spring Island Agricultural Alliance and Conrad Pilon, Salt Spring Island Farmland Trust about a variety of agricultural initiatives on Salt Spring Island;

Delegations addressing Council in 2011-2012

At the June 2011 Trust Council meeting on Denman Island, Chris Anderson of Salt Spring Island spoke on behalf of the Gulf Islanders for Safe Technology seeking Council's opposition to BC Hydro's "Smartmetering and Infrastructure" Program. The presentation and work of Gulf Islanders for Safe Technology resulted in Trust Council unanimously passing a resolution to convey to BC Hydro concerns received from Trust Area residents regarding the Smart Metering Program; and to encourage BC Hydro to engage in consultations with Trust Area residents regarding smart metering.

At the September 2011 Council meeting on Salt Spring Island, Council heard from several delegations:

- Tom Varzeliotis of Salt Spring Island with regard to the Islands Trust website redesign and the importance of the website as a vehicle for democracy;
- Julia Lucich of Salt Spring Island on behalf of the Islands Transparency and Accountability in Government (TAG) Team regarding fiscal restraint;
- Valeria VanDeWint of Galiano Island about the Galiano Island Official Community Plan Process;
- Salt Spring Islands Conservancy's 'Stewards in Training' school program to teach children about stewardship;
- Robert Steinbach of the Salt Spring Island Chamber of Commerce about ways to support island business; and
- Jean Gelwicks of Salt Spring Island Pathways about the Ganges pathway network and rural cycling issues.

At the December 2011 Council meeting in Victoria, Council heard from three delegations:

- Howard Robins of the Artificial Reef Society of British Columbia asked Trust Council to reconsider its policy against artificial reefs and described his society's plans to sink the former HMCS Annapolis in Halkett Bay.
- Nick Majendie of the Save Halkett Bay group spoke in favour of Islands Trust's policy on artificial reefs and raised concerns about the proposed sinking of the former HMCS Annapolis by the Artificial Reef Society of B.C.
- Maxine Leichter of Salt Spring Island made a presentation and gave advice to Trust Council about improving public participation methods in major local trust committee decisions.

At the March 2012 Council meeting on Gabriola Island, Council heard from three delegations:

- John Rowlandson of Island Pathways of Salt Spring Island asked for Council's support for rural cycling. As a result, the Islands Trust Council voted unanimously to adopt the resolution that Mr. Rowlandson proposed.
- Jacinthe Eastick addressed Council about her opposition to accepting Gas Tax monies to fund a Policy Statement review and suggested the Executive Committee be increased to five members.
- Laurie Gourlay of the Mid Island Sustainability and Stewardship Initiative requested Council's support for an extension of the proposed northern boundary for the BC/Canada Southern Strait of Georgia National Marine Conservation, to include Gabriola Island and the Nanaimo River estuary.

Members of the public may address the Islands Trust Council at any of its quarterly scheduled meetings, currently held March, June, September and December. This can be done formally, by making a delegations or presenting a petition, or informally at the town hall session. All correspondence, formal delegation presentations and petitions are available to the public.

Formal Complaints Received

Islands Trust policy requires the reporting of the number of administrative fairness complaints received each year. There were three complaints in 2011-2012 regarding local trust committee or staff procedures and trustee conduct. Each complaint was handled according to Trust Council's policy. Complainants who are unsatisfied with the outcome of the Islands Trust's complaint handling procedure are advised of the option of making a complaint to the BC Office of the Ombudsperson. The Office of the Ombudsperson reports indicate that they received three complaints about the Islands Trust in 2011-2012. Two complaints were closed as unsubstantiated and the third was closed after the complainant did not respond to further requests for information.

Bylaw Approvals

Before a local trust committee can adopt a bylaw, the bylaw must first be approved by the Executive Committee. The Executive Committee reviews all local trust committee bylaws that affect land use for compliance with the Trust Policy Statement. Before Bowen Island Municipal Council adopts an Official Community Plan bylaw, the bylaw must first be approved by the Executive Committee. The Executive Committee also comments on land use bylaws for the Bowen Island Municipal Council. In 2011-2012, the Executive Committee approved 52 bylaws.

Legal Action – Court Clears Salt Spring Island Local Trustees

In January, 2012 the Supreme Court of British Columbia cleared two former members of the Islands Trust on Salt Spring Island of significant claims made against them in October by 15 island residents. The claims were made against then-trustees Christine Torgrimson and George Ehling, formerly members of the Salt Spring Island Local Trust Committee. Similar claims against former Electoral Area Director Garth Hendren of the Capital Regional District were dismissed in a judgment released on November 18, 2011.

The claims against the Salt Spring local trustees were dismissed on all grounds. In reasons for judgment released on January 13, the Honourable Mr. Justice Brian D. MacKenzie of the BC Supreme Court declared that "there is no basis for disqualification" of Ehling and Torgrimson from elected office. While Torgrimson and Ehling did not run in the November 19 election on Salt Spring Island, they are qualified to run in the future, should they choose to do so. None of the funds paid by the Islands Trust to community groups must be repaid.

Note: Reasons for judgment: www.islandstrust.bc.ca/news/pdf/newsjan132012attachment.pdf

2. Trust Council Advisory Committees

Every term, members for three standing committees of the Islands Trust Council (Local Planning, Trust Programs and Financial Planning) are appointed by the Chair to explore selected topics in detail and make recommendations to Council.

Local Planning Committee

Members as of December 6th, 2011

Louise Decario, Galiano Island (Chair)
Brian Crumblehulme, Mayne Island
Sue French, Thetis Island
David Graham, Denman Island, Executive Committee Representative
George Grams, Salt Spring Island
Jan Hagedorn, Gambier Island
Pamela Janszen, Saturna Island
Peter Johnston, Lasqueti Island
Mike Jones, South Pender Island
Sheila Malcolmson, Gabriola Island, Ex Officio Member
Gisele Rudischer, Gabriola Island

Members prior to November 2011 Local Government Elections

George Ehring, Salt Spring Island, (Chair)
Joyce Clegg, Gambier Island
David Graham, Denman Island
Jen Gobby, Lasqueti Island
Louise Decario, Galiano Island
Fred Hunt, Hornby Island
Tony Law, Hornby Island
Derek Masselink, North Pender Island
Gary Steeves, North Pender Island, Executive Committee Representative
Sheila Malcolmson, Gabriola Island, Ex Officio Member

During 2011-2012 Trust Council asked the Local Planning Committee to focus on the following projects.

Conservation Covenant Management

The Local Planning Committee completed work on a management system for conservation covenants held by local trust committees.

Shoreline Mapping Project

The Local Planning Committee received a report indicating that the mapping and classification of shorelines was complete and that the maps would be rolled out in 2012.

Green Shores for Homes

The Local Planning Committee continued to monitor the progress of the Green Shores for Homes credit rating and incentive program that is being led by Seattle, with San Juan County and Islands Trust as partners. Draft credit rating system is expected in late 2012.

Food Security

The Local Planning Committee completed work on Food Security by recommending to Council release of a report on Food Security and further actions to support food security in the Islands Trust Area.

Application Fee Review

The Local Planning Committee participated in a joint Task Force with the Financial Planning Committee on a review of the development application fees. The Task Force recommended amendments to the fee bylaws to address the wide-range costs associated with rezoning applications and temporary use permit applications, and improve cost recovery for application processing generally.

Affordable Housing

The Local Planning Committee's Community Housing Task Force developed a brochure on affordable housing. The brochure was designed to pull together information all of the approvals from different agencies required for the development of affordable housing in the Islands Trust area.

Bylaw Enforcement Notification

The Local Planning Committee received reports from bylaw enforcement on the status of the implementation of a Bylaw Enforcement Notification system for each of the local trust committees.

Green Technologies

The Local Planning Committee began work on development of model wording to encourage green technologies in the Trust Area. The first focal area is on wind generated power with reports to the Local Planning Committee expected in 2012.

Trust Programs Committee

Members as of December 6th, 2011

Paul Brent, Saturna Island, Chair
George Grams, Salt Spring Island, Vice Chair
Alex Allen, Hornby Island
Laura Busheikin, Denman Island
Ken Hancock, North Pender Island, Executive Committee Representative
Tony Law, Hornby Island
Sheila Malcolmson, Gabriola Island, Ex Officio Member
Liz Montague, South Pender Island
Kate-Louise Stamford, Gambier Island
Andrew Stone, Bowen Island Municipality

Members prior to November 2011 Local Government Elections

Tony Law, Hornby Island, Chair
George Ehring, Salt Spring Island, Vice Chair
Jeanine Dodds, Mayne Island
Sue French, Thetis Island
Jen Gobby, Lasqueti Island
David Greer, South Pender Island
Jan Hagedorn, Gambier Island

Susan Ann Morrison, Lasqueti Island
Beverley Neff, Saturna Island
Peter Luckham, Thetis Island, Executive Committee Representative
Sheila Malcolmson, Gabriola Island, Ex Officio Member

Trust Council's 2008-2011 strategic plan asked the Trust Programs Committee to assess what is needed to conduct a full review of the Trust Policy Statement. A "Policy Statement Assessment Task Force" presented its final report to Trust Council in June 2011 (www.islandstrust.bc.ca/tc/pdf/pstffinalreport.pdf).

The members of the Policy Statement Assessment Task Force were:

Nerys Poole, Bowen Island Municipality (Chair)
George Ehring, Salt Spring Island
David Greer, South Pender Island
Tony Law, Hornby Island
Sheila Malcolmson, Gabriola Island
Susan Ann Morrison, Lasqueti Island

After the election of the new Council in November 2011, Trust Programs Committee members considered the merits of proceeding with a full review of the Policy Statement, with the assistance of funding from Canada's Gas Tax. Trust Council decided in March 2012 not to accept the funding offer, nor to proceed with a policy review. The existing Policy Statement is on the Islands Trust website.

Trust Programs Committee's regular work program includes reviewing all the nominations and making recommendations to Trust Council on the recipients of the annual Community Stewardship Awards. The results of this year's work are reported under the Trust Council Chair's introduction on page 5.

The committee also provides oversight for the "Indicator Program," which provides research and statistics on social, economic or environmental trends on the islands and in the region.

Financial Planning Committee

Members as of December 6th, 2011

Gary Steeves, North Pender Island, Chair
Paul Brent, Saturna Island
Louise Decario, Galiano Island
Jeanine Dodds, Mayne Island
David Graham, Denman Island, Executive Committee Representative
Peter Grove, Salt Spring Island
Ken Hancock, North Pender Island, Executive Committee Representative
Peter Luckham, Thetis Island, Executive Committee Representative
Sheila Malcolmson, Gabriola Island, Executive Committee Representative
Susan Ann Morrison, Lasqueti Island

Financial Planning Committee to December, 2011

Members to November 2011 Local Government Elections

Alison Morse, Bowen Island Municipality, Chair
David Graham, Denman Island, Vice-Chair
Louise Bell, Denman Island, Executive Committee Representative
Joyce Clegg, Gambier Island
Sue French, Thetis Island

Peter Luckham, Thetis Island, Executive Committee Representative
Sheila Malcolmson, Executive Committee Representative
Susan Ann Morrison, Lasqueti Island
Gary Steeves, North Pender Island, Executive Committee Representative
Christine Torgimson, Salt Spring Island

2011-2012 Financial Plan

On March 9, 2011 the Islands Trust Council approved a new annual budget for 2011-2012 of \$6.85 million which resulted in a 1% property tax increase over the previous year. Island property owners paid 64 cents more per \$100,000 of assessed property value, or \$2.87 more on a property assessed at \$450,000. Islands Trust taxes account for approximately 10-20% of total property taxes, depending upon other jurisdictions listed on the tax bill.

The budget covered the costs of maintaining current levels of service, as well as increasing trustee remuneration for the next term (2011-2014). Trustees debated the funding challenges associated with the core work of the Islands Trust for several hours, balancing recent public input about the current economic situation with the ongoing requests the public makes for additional services and programs.

The budget also responded to ongoing requests the Islands Trust receives from island communities to:

- improve the accessibility of public information, including improving the Islands Trust website and the accuracy and availability of Islands Trust digital mapping;
- proactively plan communities through review of Official Community Plans and Land Use Bylaws; and
- continue building relationships with first nations groups that have interests in the Islands Trust Area.

The budget also supported several programs that are important to individual island communities such as:

- affordable housing, climate change mitigation, and conservation on Salt Spring Island with enhanced levels of community engagement;
- finalizing a farm plan for Denman Island;
- mapping sensitive ecosystems in the Northern Region;
- protecting fish habitat with Riparian Area Regulations;
- providing information and supporting community discussions about groundwater on Galiano and Saturna Islands; and
- expanding the Natural Area Protection Tax Exemption Program (NAPTEP) program to Bowen Island (subject to approval of the Bowen Island Municipal Council and Metro Vancouver Regional District).

3. Local Trust Committees and Bowen Island Municipality

There is a local trust committee for each group of islands designated as a local trust area by regulation under the *Islands Trust Act*. A local trust committee is responsible for advancing the object of the *Act* through land use planning and regulation for its area of jurisdiction.

Day-to-day planning activities of local trust committees and the Bowen Island Municipality included application processing; public, agency and trustee inquiries; local trust committee or municipality meetings; and Board of Variance support.

Ballenas-Winchelsea (Executive) Local Trust Committee

Staff continue to work on the development of the first Official Community Plan and Land Use Bylaw for the Ballenas-Winchelsea Group. The Ballenas-Winchelsea Group is located northwest of the Gabriola Local Trust Area and south of the Denman and Hornby Local Trust Areas. Referrals for Draft Bylaw No. 27 (OCP) and Draft Bylaw No. 28 (LUB) were sent out in late 2011 and early 2012. The Executive Committee acting as a Local Trust Committee is continuing to review and work with the comments received. Key issues include recognition of first nations concerns, shellfish aquaculture, the disposal of Crown lands and ecosystem protection.

Bowen Island Municipality

Councillors Alison Morse and Nerys Poole represented Bowen Island Municipality on the Islands Trust Council until December, 2011 when Wolfgang Duntz and Andrew Stone were sworn in as trustees. Bowen Island Municipality produces its own annual report, which can be found online at www.bimbc.ca.

Denman Island Local Trust Committee

The Denman Island Local Trust Committee held ten regular meetings, two special meetings, four public hearings and one community information meeting. The public consultations focussed on a rezoning application for affordable housing by the Denman Community Land Trust Association, the Denman Island Farm Plan, bylaw amendments to exempt agricultural activity in a seasonally flooded agricultural field within the Agricultural Land Reserve from requiring a development permit in the Streams, Lakes and Wetlands Development Permit Area, and bylaw amendments for several Official Community Plan and Land Use Bylaw updates.

This year saw the completion of the Official Community Plan and Land Use Bylaw Targeted Review project with the adoption of amending bylaws. Work continues on the Denman Island Farm Plan project: a survey of farmers and consumers was completed in the summer of 2011 to provide a detailed snapshot of farming and local food consumption habits, and work on the Farm Plan itself began in the fall with hiring a consultant team who began meeting with the Steering Committee and hosted a community forum and focus groups in November.

In total, 23 applications were received including two Agricultural Land Reserve, three development permit, one rezoning, one subdivision, fourteen siting and use permit and one temporary use permit application. Of particular interest to the community is the rezoning application from the Denman Community Land Trust Association for affordable housing. Work on this application continues into 2012.

Gabriola Island Local Trust Committee

The Gabriola Island Local Trust Committee held 12 regular business meetings, ten special meetings, two public hearings and two Community Information Meetings. Work focused on continuing with Phase 1 of the Gabriola Island Official Community Plan review, culminating with the adoption of amending Bylaw No. 262 in September 2011. Bylaw No. 262 includes new and updated policies relating to multi-dwelling affordable housing and density banking for affordable housing, first nations cultural references, bicycle and bus routes, housekeeping, and community context updates. A list of recommended topic areas for Phase 2 of the Official Community Plan review was also developed, which will inform the work of the Gabriola Island Local Trust Committee through the next fiscal year.

To kick-start some of the work recommended for Phase 2 of the Gabriola Island Official Community Plan review, the Gabriola Island Local Trust Committee held a World Café workshop on the Village Core in October 2011 and established both an Agricultural Advisory Commission and a Transportation Advisory Commission. The Gabriola Island Local Trust Committee also began exploring options for using online public engagement tools as part of community consultation during Phase 2 of the Gabriola Island Official Community Plan review.

A stream mapping and assessment contract was carried out between November 2011 and February 2012 as a first step in achieving compliance with the provincial Riparian Areas Regulation. This work will help inform the creation of Development Permit policy over the course of 2012. The Gabriola Island Local Trust Committee also developed a Development Permit Area Factsheet designed to enhance community knowledge of Development Permit Areas, their purpose and current use on Gabriola Island.

Two Agricultural Land Reserve applications, two Development Permit applications, two Development Variance Permit applications, four Subdivision Referral applications, and one Temporary Use Permit application were received over the course of this fiscal year. In addition, the emergency medical clinic rezoning was approved and work continued on several rezoning and subdivision referral applications from previous years.

Galiano Island Local Trust Committee

The Galiano Island Local Trust Committee held 12 regular business meetings, five special meetings, one community information meeting and four public hearings. These public consultations focussed on bylaw amendments to update various sections of the land use bylaw, as well as rezone several Forestry designated properties, and amend the Official Community Plan. The Official Community Plan review was completed in late November 2011. Amendments included the addition of a new Community Housing section, the inclusion of the Road Network Plan, and the addition of several new Development Permit Areas including Shoreline and Marine, Riparian Areas, Sensitive Ecosystems and Steep Slope Hazard Areas.

In late February of 2012 a special meeting was held where staff from the Ministry of Forests, Land and Natural Resource Operations spoke about potential amendments to Section 21 of the *Private Managed Forest Land Act*, and held a question and answer session as well as a town hall. Potential amendments could see dwellings regulated, but not prohibited; however, province-wide consultation is anticipated to take place in 2012-2013. Other projects included the completion of the second phase of a groundwater study and further review of Land Use Bylaw amendments.

In total, 14 applications/referrals were received including seven development variance permits, two building permits, and two rezoning applications. Several applications from previous years were advanced and/or completed which reduced the overall number of active applications.

Gambier Island Local Trust Committee

The Gambier Island Local Trust Committee held ten regular business meetings, one public hearing and four special meetings, ranging in location from Gibsons, Vancouver and Keats Island. A new Land Use Bylaw for Passage and Bowyer Islands was adopted in 2011 after extensive community engagement and consultation. Work began on a new Land Use Bylaw for the Associated Islands and is anticipated to be completed in early 2013. The LTC reviewed five Development Variance Permit Applications, two Rezoning Applications and three Subdivisions. Staff reviewed 34 building permit referrals and several referrals for private moorage.

Hornby Island Local Trust Committee

The Hornby Island Local Trust Committee held 11 regular business meetings, one public hearing and six special meetings on Hornby Island. New policies and regulations for vacation home rentals were developed and adopted after extensive community consultation. Work on the targeted Official Community Plan and Land Use Bylaw Review project was commenced and is anticipated to continue into 2013. The LTC reviewed one Agriculture Land Commission Inclusion/Exclusion Application, two Development Variance Permit Applications, one Development Permit Application, one Rezoning Application and four Subdivisions. Staff reviewed 14 siting and use permits.

Lasqueti Island Local Trust Committee

The Lasqueti Island Local Trust Committee held five regular business meetings. The Local Trust Committee also held the following workshops: Forage Fish; Arable Land Mapping; Riparian Areas Regulation; Tracking Greenhouse Gas Emissions; and Mapping Information Gathering Meeting.

In addition, the Lasqueti Island Local Trust Committee undertook the following special projects:

- approved and distributed "Best Practices for Building and Living on Lasqueti Island" as drafted by the Advisory Planning Commission;
- established an Annual Local Sustainability Awards Program and issued the first award in the summer of 2011; and,
- embarked on a False Bay Parking and Master Plan.

The Local Trust Committee also received one temporary use application and completed two subdivision referrals.

Mayne Island Local Trust Committee

Over the reporting period, the Mayne Island Local Trust Committee (LTC) held six regular business meetings. The LTC considered applications for two development variance permits, three temporary use permits, and two rezoning applications. Eleven referrals from the Capital Regional District for building permits were received for review.

Projects during this period included reviewing housing options and a Housing Options Task Force was created. The Task Force prepared a survey to determine current and future housing needs for Mayne Islanders. The results of the survey led to a move towards exploring the permitting of secondary suites by the LTC.

A Commercial Land Use Task Force was also created during this period to determine the need for retail and service commercial zoning, as well as determining appropriate locations for future waste transfer operations.

Sensitive Ecosystem Mapping was completed. The mapping was extensively reviewed by

the public during numerous meetings and eventually incorporated into the Mayne Official Community Plan.

Shoreline development was reviewed and remains on the LTC work program; and implementation of the Riparian Area Regulation was initiated. Mapping was carried out and next steps will be discussed at upcoming LTC meetings.

North Pender Island Local Trust Committee

Over the reporting period, the North Pender Island Local Trust Committee (LTC) held nine regular business meetings and one community information meeting. The LTC considered applications for ten development permits, eight development variance permits, two temporary use permits, and two rezoning applications. Four new subdivision applications were referred from the Ministry of Transportation and Infrastructure, as well as approximately 30 referrals for building permits and special occasion licences. Two ongoing subdivision files have also had various aspects considered by the LTC. The final phase of the Harbour Hill subdivision, a fifteen-lot subdivision, was discussed at three separate meetings. The four-lot subdivision file on Hooson Road was also considered by the LTC; most notable the related road works on Hooson Road, one of North Pender's heritage roads.

During 2011 the Local Trust Committee also came into compliance with the provincial *Fish Protection Act* by adopting the Riparian and Aquatic Development Permit Area; including the creation of a new information brochure. Although it is not the jurisdiction of the Local Trust Committee, the Trustees have become involved with bringing residents and stakeholders together to address safety concerns with the Gardom Pond dam. The LTC also contributed to the development of three new Frequently Asked Questions information sheets and the Guide to Environmentally Friendly Building and Renovating in the Southern Gulf Islands.

Salt Spring Island Local Trust Committee

The 2011-2012 fiscal year was one of enhanced community engagement in the business of the Salt Spring Island Local Trust Committee. Community members attending scheduled public hearings exceeded the seating capacity of the venues and many monthly Local Trust Committees had a full house during the Town Hall Sessions. It was also an election year and as the 2008-2011 Local Trust Committee wrapped some projects up, a new Local Trust Committee was elected for the 2011-2014 political term.

Community Planning

The Environment:

Community planning in the spring and summer of 2011 focused on a proposal to amend Salt Spring Island Development Permit Area 4 (Lakes, Streams, and Wetlands) in order to implement the Provincial Riparian Areas Regulation. This project received much community interest and scrutiny, finally culminating in a decision to revisit the approach and conduct more detailed mapping of the island's fish supporting streams and riparian areas.

Affordable Housing:

The Salt Spring Island Community Affordable Housing Strategy (CAHS) was finalized in the summer of 2011. The strategy is an action plan designed to address Salt Spring Island's critical affordable housing needs. The strategy was a top priority of the Salt Spring Island Local Trust Committee and was made possible through the coordination of several community agencies.

Throughout the summer, policy work considering the legalization of secondary suites took a grass roots approach to community outreach and consultation, with information booths set up at the Tuesday Farmer's market and at the Fall Fair. Many stakeholder groups also took advantage of specialized consultation sessions and staff conducted an on-line survey to broaden opportunities for input into the project.

The Economy:

As a result of recommendations of the Industrial Task Force, Bylaw 448 was adopted. The bylaw amended the Salt Spring Island Land Use Bylaw 355 by re-defining *light industry* to include food processing facilities for agricultural products and changed the regulations for home-based businesses to allow more non-resident employees as well as increasing the allowable floor area that can be used for a home-based business.

Accessibility:

In early 2012, the Salt Spring Island Local Trust Committee initiated a pilot project to videotape its LTC business meetings. The recorded meetings are posted on the internet which allows community members to watch the deliberations and proceedings of the LTC remotely.

Development Applications

The Salt Spring Island Local Trust Committee considered or deliberated on 45 applications in 2011, up from 37 in 2010 — a 22% increase. This included eight Zoning Bylaw amendments, two Agricultural Land Reserve decisions, twelve Development Permits, six Development Variance Permits, and two Temporary Use Permits. A Heritage Alteration Permit was also issued for the Ganges Village Core. In addition, 33 Building Permits, 14 Subdivisions and three Crown Land applications were reviewed by the Salt Spring planning office.

Throughout the 2011-2012 fiscal year, the following applications were of specific interest to the community:

In 2011, a foreshore Development Permit was issued for Salt Spring Marina — the final step in a complex application which involved a Crown Lease expansion, a rezoning application and an Official Community Plan amendment.

A Salt Spring Island "Mobile abattoir" was approved by the issuance of a Temporary Use Permit on Fulford Ganges Road. In 2008, Salt Spring's Area Farm Plan identified agricultural infrastructure as a key requirement for the revitalization of agriculture on Salt Spring Island. A local abattoir was identified as a pressing need by livestock producers. The application was made by Salt Spring Island's Agricultural Alliance and will contribute to the food security and local agricultural economy of the island.

Rezoning application SS-RZ-2010.1 resulted in a bylaw amendment that successfully removed 6.9 hectares of sensitive habitat on Channel Ridge from the potential to be developed.

The rezoning of Brinkworthy Place in 2011 converted a mobile home park to allow for fee simple ownership of mobile home lots. Now mobile home residents can own their lot where before they could only rent the land their home was on.

A Rezoning application (SS-RZ-2011.1) on Rainbow Road created a new commercial/residential mixed use zone in Ganges Village, while preserving riparian values and heritage trees.

In 2012, the Salt Spring Island Fire Protection District was supported by the Local Trust Committee in their request for Non-Farm Use in the Agriculture Land Reserve (ALR) — an application needed in order to develop a new Emergency Response Centre on ALR land, (land that was donated to the Fire Protection District by the owners of Brinkworthy Place).

The Beddis Development (Slegg Lumber) application to rezone an Agricultural/Industrial parcel on Beddis Road to permit a building supply centre, a lumber yard, and an agricultural

distribution centre gained momentum in 2011-2012. The applicants are contributing a produce distribution centre as a community amenity to a local agricultural organization as a condition of approval from the Agricultural Land Commission.

In 2012, Gulf Islands School District #64 has also made progress with its rezoning application. The Salt Spring Island Local Trust Committee has given third reading of Bylaw 455 and Bylaw 454 that will permit an expansion of high school uses on the split zoned property of Gulf Islands Secondary School (GISS).

Saturna Island Local Trust Committee

The Saturna Island Local Trust Committee (LTC) held six regular business meetings during this period. In addition, two special meetings were held to determine if there was public support to use a Gas Tax Grant for an Trust Policy Statement review. The LTC considered development applications and referrals which included a rezoning application, two subdivision referrals and several building permit referrals. Project work included: a water workshop involving several specialists in the field of geohydrology; implementation of the Riparian Area Regulation (RAR) was initiated; review of parkland zoning was initiated; water catchment for storage buildings was considered; the LTC was an advocate of the island car stop program; and the review of geothermal energy was made a top priority.

South Pender Island Local Trust Committee

Over the reporting period, the South Pender Island Local Trust Committee (LTC) held three regular business meetings, two community information meetings and two public hearing meetings with the outgoing LTC, as well as holding the first regular business meeting with a newly elected LTC.

During 2011 the Local Trust Committee completed a review of the Official Community Plan (OCP); as well as, adopted two bylaws to amend the Land Use Bylaw (LUB) to implement new policies adopted in the OCP. Those bylaws amending the LUB introduced three new Rural Residential zones to replace the previous one, and amended the definition of a cottage so that their occupancy was no longer limited to short-term rental only.

The LTC also focused on improving communication by sending out three Trustee Newsletters during the OCP Review and LUB amendments, and working closely with staff in the development of three new Frequently Asked Questions information sheets and the Guide to Environmentally Friendly Building and Renovating in the Southern Gulf Islands.

Thetis Island Local Trust Committee

The Thetis Island Local Trust Committee held seven regular meetings, four special meetings, and one public hearing. The Official Community Plan and Land Use Bylaw Review project represented the majority of the work of the Local Trust Committee and was the topic of special meetings and public consultations. This project, which began in 2008, was completed with the adoption of a new Official Community Plan and Land Use Bylaw early in December 2011.

Work proceeded on implementing the Riparian Areas Regulation with receipt of a report by a Qualified Environmental Professional to identify and map all streams within the Ralston Creek Watershed. Staff met with the strata property owners in this watershed to discuss possible implementation steps. Work also continued on Thetis Island Sustainability Guidelines. The Local Trust Committee continues to work with the Cowichan Valley Regional District on a joint proactive enforcement strategy to resolve issues of mutual interest.

There were a total of twelve development referrals and applications including eleven building permit referrals and one subdivision referral. Work has continued on several application received in earlier years as well.

4. Trust Fund Board

The Trust Fund Board administers the Islands Trust Fund, a conservation land trust established in 1990 to preserve endangered landscapes and ecosystems in the Islands Trust Area. The Islands Trust Fund works with Trust Area landowners and communities to protect special places in perpetuity through voluntary land donations, conservation covenants, land acquisition and stewardship education.

As of March 2012, the Trust Fund Board protects 1073 hectares of natural and cultural values on 84 properties.

Conservation Planning

The Islands Trust Fund's Regional Conservation Plan identifies the region's species and habitats most in need of protection and the actions needed to protect these biodiversity priorities. The 2011-2015 Regional Conservation Plan sets short-term conservation targets for the Islands Trust Fund and its partners that will help achieve the broader vision and long-term goals of the Plan.

In the first year of the 2011-2015 Regional Conservation Plan, the Islands Trust Fund focussed on the development of a biodiversity mapping model to assist the Trust Fund Board in assessing conservation proposals. Created with the help of landscape ecologist John Gallo and GIS consultant Randal Greene, the model will be reviewed by a scientific advisory panel over the next 6-9 months. Once complete, the biodiversity mapping model, which is designed to be updated and improved as better information becomes available, will help the Islands Trust Fund meet the remaining goals and objectives of the Regional Conservation Plan. The information may also be used by the Local Trust Committees to identify protected area networks for each local trust area.

CONSERVATION GOALS FOR THE ISLANDS

- 1. Protect Core Conservation Areas**
Secure core conservation areas (through land donation, direct purchase, and covenants) that conserve biodiversity priorities within the Islands Trust Area.
*The Islands Trust Fund does not acquire land through expropriation.
- 2. Protect Biodiversity in Working Landscapes**
Research ways biodiversity priorities can be maintained on lands outside core conservation areas, including working landscapes.
- 3. Conserve Marine Ecosystems**
Work with partner organizations to conserve marine ecosystems and habitats.
- 4. Encourage Local Governments to Prioritize Biodiversity**
Work with the Islands Trust Council, local trust committees and island municipalities to implement regional conservation goals and objectives within official community plans and land use bylaws.
- 5. Empower Islanders to Conserve the Islands**
Encourage islanders to get involved in conservation and steward private land by supporting conservation education and share information on best practices.
- 6. Build Strong Conservation Partners**
Support and enhance the work of conservation partners working in the Islands Trust Area.
- 7. Take Care of What We Have**
Monitor and manage existing Islands Trust Fund core conservation areas to maintain and enhance existing biodiversity features.

Protected Area in the Islands Trust Area

As of March 2012, more than 16.6% of the Islands Trust Area has been protected by public and non-profit conservation organizations.

Local Trust Area/Island Municipality	Protected Area at March 31, 2012 (ha)	Protected Area (%)
Bowen Island	687.60	13.61
Denman Island	1265.10	24.55
Ballenas-Winchelsea Islands	23.38	13.14
Gabriola Island	527.24	9.06
Galiano Island	1122.30	18.60
Gambier Island	1047.80	10.67
Hornby Island	680.10	22.71
Lasqueti Island	871.88	11.85
Mayne Island	100.70	4.25
North Pender Island	997.36	19.03
Saturna Island	1548.10	43.35
South Pender Island	295.90	32.38
Salt Spring Island	3771.31	19.16
Thetis Island	154.50	3.17
Total	13093.26	16.56

Islands Trust Fund Protected Area Successes in 2011-2012

Lasqueti's Newest Nature Reserve

In November 2011, the Trust Fund Board received the gift of a 64-hectare property on Lasqueti Island. The new John Osland Nature Reserve protects a mature forest with several at-risk plant communities. A wetland pond occurs near the center of the property, with several small streams nearby. Rocky outcrops on the property are home to abundant moss and lichen communities. Lasqueti homesteader John Osland bequeathed the property in his will in the hopes that visitors would enjoy the veteran firs and other delights of nature as much as he did. With that intention in mind, the Islands Trust Fund will involve the community in caring for the nature reserve, starting with a management planning process in 2012-2013.

Conservation Covenant Donations

Since 1990, the Islands Trust Fund has helped island landowners protect more than 500 hectares of privately owned land with conservation covenants. Covenants are the best conservation tool currently available to permanently protect natural features on a private property while allowing a landowner to retain ownership of the land they love.

King Lots 44 and 45 Covenants, North Pender Island

Demonstrating a strong conservation ethic, Marilyn King also donated covenants on two Stanley Point properties to the Trust Fund Board and the Pender Islands Conservancy Association that when combined, provide 1.62 hectares of permanently protected waterfront habitat for area species. The covenanted areas protect a young Douglas-fir forest and

woodland with rare plant communities. The sites feature a steep slope largely inaccessible to people. With high amounts of coarse woody debris, the newly protected area provides ideal habitat for shy species, such as river otters.

Great Beaver Swamp Covenant, Galiano Island

The Great Beaver Swamp is one of the largest wetlands on Galiano, an island where surface water is scarce. It provides valuable habitat for birds and amphibians and is a regular watering hole for Black-tailed Deer, River Otter, Mink and other mammals. In 2003, the Galiano Conservancy Association purchased the property, protecting the swamp — an integral component of the Beaver Creek watershed. In 2012, the Conservancy registered a conservation covenant with the Islands Trust Fund and Habitat Acquisition Trust to provide added protection to the sensitive habitat. The covenant protects 10.2 hectares.

The Natural Area Protection Tax Exemption Program (NAPTEP) is a voluntary program that provides landowners with an annual 65% property tax reduction on portions of their land protected by a conservation covenant. NAPTEP was first introduced in 2005 in the Sunshine Coast and Capital Regional Districts. In 2009 and 2010 it was expanded to the Cowichan Valley, Comox Valley, and Powell River Regional Districts, and Regional District of Nanaimo. In 2011, the Bowen Island Municipality agreed in principle to the implementation of NAPTEP on Bowen Island. Staff are now taking the next steps to seek approval from Metro Vancouver to include Bowen, Bowyer and Passage Islands in the program.

There are currently 20 properties in the Natural Area Protection Tax Exemption Program. In total, 69 hectares (170 acres) of private land are now protected through the program.

In 2011-2012 Trust Council issued two new Natural Area Exemption Certificates:

Garry Oak NAPTEP Covenant, North Pender Island

Bob and Fran Rose donated this conservation covenant to protect 0.5 hectares of habitat on their North Pender property. The covenant, co-held with the Pender Islands Conservancy Association, protects a Garry oak meadow where the Roses find a carpet of camas, fairy-slippers, buttercups and blue-eyed Mary each spring. In addition to the meadow, the covenant protects a grove of Garry oak, and a forest of veteran Douglas-fir, arbutus, bigleaf maple and western redcedar.

King Lot 16 NAPTEP Covenant (expansion), North Pender Island

Marilynn King, a woman passionate about land conservation, expanded the original covenant she placed on her Stanley Point property in 2008 to encompass her entire property. Her most recent covenant donation to the Trust Fund Board and the Pender Islands Conservancy Association ensures the property will never be subdivided or developed, protecting 0.48 hectares of rare ecological communities. The King Lot 16 covenant is part of a network of protected properties on Stanley Point, making this neighbourhood a haven for many bird, plant and animal species.

Islands Trust Fund Fundraising Campaigns

The Islands Trust Fund is recognized by the Canada Revenue Agency as a qualified donee and undertakes work classified as 'charitable' under Canada Revenue Agency definitions. With the Islands Trust Fund's core operational expenses covered by the Islands Trust, 100% of funds donated to the Trust Fund Board go directly to 'on-the-ground' conservation work. Donated funds are used by the Trust Fund Board to cover costs associated with land acquisition (e.g. property purchase, appraisals, baselines) and special conservation projects (e.g. ecosystem mapping, regional conservation planning).

Opportunity Fund

The Opportunity Fund provides funding to partner agencies working on regionally important conservation projects. The Fund provides support for hard to fundraise costs associated with land protection and is used to lever increased donations to land acquisition projects. It is funded by donations from the general public and proceeds from the sales of Islands Trust Fund birthday calendars. The Regional Conservation Plan guides investments made by the Opportunity Fund.

In 2011-2012, the Opportunity Fund received \$7,054.50 in donations. The Trust Fund Board distributed \$5,597.90 to the Salt Spring Island Conservancy to cover legal and closing costs associated with the purchase of the new Alvin Indridson Nature Reserve (130 hectares), and administrative costs associated with a potential land purchase on Mt. Tuam (13 hectares). The Trust Fund Board also committed \$2,500 to the Lasqueti Island Nature Conservancy for legal costs related to negotiating a property acquisition on Tucker Bay; the grant will likely be distributed in 2012-2013.

Covenant Management and Defence Fund

The Board is committed to maintaining and in some cases enhancing the natural areas and features protected by the covenants it holds. To do this, the Board established the Covenant Management and Defence Fund which will provide the financial resources needed to defend and manage our covenants long into the future. It is funded by donations, often by people who care deeply about a certain covenant area. It is an added security feature offered by the Islands Trust Fund to ensure we can protect our covenants in perpetuity.

In 2011-2012, the Covenant Management and Defence Fund received \$50 in donations.

Geographically Restricted Funds

Some donors feel passionate about land conservation on a specific island. The Trust Fund Board strives to accommodate donors who wish to designate donated funds for defined geographical areas in the Islands Trust area. The Board's Geographically Restricted Fund Guidelines sets out the circumstances when the Board will create an island specific conservation fund. To date, two geographically restricted funds have been established — for Lasqueti and Gambier — to support future acquisition projects on those islands.

In 2011-2012, the Lasqueti Island Geographically Restricted Fund received \$500 in donations.

Stewardship Education Activities in 2011-2012

The Islands Trust Fund recognizes that the most influential land stewards operating in the Islands Trust area are landowners themselves, as their daily decisions have a direct effect on the health of fragile island ecosystems. The Islands Trust Fund partners with island conservancies to provide the most up-to-date ecological information and support to local landowners, enabling islanders to make positive decisions that benefit themselves and their land.

In 2011-2012, the Islands Trust Fund sponsored island conservancy representatives to attend regional or provincial conservation training seminars and networking events by subsidizing travel costs. The Islands Trust Fund sponsored a special session for BC land trusts with conservation financing expert Story Clark at the 2011 Land Trust Alliance of BC Seminar Series. Islands Trust Fund staff also hosted a covenant writing workshop.

In the fall of 2011, the Islands Trust Fund hosted a restoration work-party for False Bay Elementary students at the Mt. Trematon Nature Reserve on Lasqueti Island. Fourteen students joined the Islands Trust Fund and other community volunteers to learn about tree species, ecology and ecosystem restoration. The event provided the students with hands-on experience in conservation work, leaving them with a lasting impression of protected areas near their homes.

Property Management in 2011-2012

Acquiring a property or conservation covenant is just the first step in ecosystem protection. Each protected property is unique and requires a different level of management or restoration. The Islands Trust Fund manages its protected areas carefully, and develops a management plan for each nature reserve to guide the work. The goal is to ensure that the natural ecosystems on our Gulf and Howe Sound Island properties stay healthy for future generations. Here are some of the ways the Islands Trust Fund did this in 2011-2012:

- adopted a management plan for Fairy Fen Nature Reserve, acquired in 2010;
- planted and protected tree seedlings at the Mt. Trematon Nature Reserve (Lasqueti), restoring sections of the nature reserve that were logged in the later-half of the last century, and the Singing Woods Nature Reserve (Bowen);
- removed exotic and invasive species from the Morrison Marsh and Lindsay Dickson Nature Reserves (Denman), Trincomali Nature Sanctuary and Laughlin Lake Conservation Covenant (Galiano), Vogt Conservation Covenant (Salt Spring), and South Winchelsea Island Conservation Covenant through our partnerships with management groups and landowners (local conservancies);
- addressed ATV and equine use on some nature reserves;
- supported the construction of deer exclusion areas on the Windthrow Covenant (Sidney Island) to examine the effects of fallow deer browsing on native species; and,
- conducted annual monitoring of all 84 properties protected by the Trust Fund Board to ensure that the natural values are maintained.

Ruby Alton Nature Reserve Maintenance

The Islands Trust Fund continues to maintain the house Ruby Alton bequeathed in 2002 as part of the Ruby Alton Nature Reserve. In 2011-2012, the Trust Fund Board addressed necessary upgrades to the home's heating and septic systems. A new compact electric furnace was installed to improve the energy efficiency and heating performance of the house. A Vegetative Tertiary Filter was constructed on the site to replace the aging septic system. Combined with the rainwater catchment system installed in 2004, these new systems at the Ruby Alton house are great examples of green-home renovations for older homes.

Islands Trust Fund Branding

As part of a long-term communications and fundraising strategy, the Trust Fund Board commissioned the re-design of its logo. The purpose of the new logo is to help people clearly distinguish the work of the conservation land trust from the land use planning functions of the Islands Trust.

Old Logo



Islands Trust Fund

New Logo



ISLANDS TRUST FUND

A Conservancy for Canada's Islands in the Salish Sea

Financial Statements of

ISLANDS TRUST

Year ended March 31, 2012

ISLANDS TRUST

Financial Statements

Year ended March 31, 2012

Financial Statements

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MANAGEMENT'S RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

The accompanying financial statements of Islands Trust (the "Trust") are the responsibility of the Trust's management and have been prepared in compliance with legislation, and in accordance with Canadian public sector accounting standards for local governments as recommended by the Public Sector Accounting Board of The Canadian Institute of Chartered Accountants. A summary of the significant accounting policies are described in note 1 to the financial statements. The preparation of financial statements necessarily involves the use of estimates based on management's judgment, particularly when transactions affecting the current accounting period cannot be finalized with certainty until future periods.

The Trust's management maintains a system of internal controls designed to provide reasonable assurance that assets are safeguarded, transactions are properly authorized and recorded in compliance with legislative and regulatory requirements, and reliable financial information is available on a timely basis for preparation of the financial statements. These systems are monitored and evaluated by management.

The Trust, acting through its Audit Committee, meets with management and the external auditors to review the financial statements and discuss any significant financial reporting or internal control matters prior to their approval of the financial statements.

The financial statements have been audited by KPMG LLP, independent external auditors appointed by Trust Council. The accompanying Independent Auditors' Report outlines their responsibilities, the scope of their examination and their opinion on the Trust's financial statements.


Chief Administrative Officer


Treasurer



KPMG LLP
Chartered Accountants
St. Andrew's Square II
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Victoria BC V8W 3Y7
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INDEPENDENT AUDITORS' REPORT

To the Trustees of Islands Trust and the Minister of Community, Sport and Cultural Development

We have audited the accompanying financial statements of Islands Trust, which comprise the statement of financial position as at March 31, 2012, the statements of operations, change in net financial assets and cash flows for the year then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian public sector accounting standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Islands Trust as at March 31, 2012, and its results of operations, its changes in net financial assets and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Chartered Accountants

June 14, 2012
Victoria, Canada

KPMG LLP is a Canadian limited liability partnership and a member firm of the KPMG network of independent member firms affiliated with KPMG International Cooperative ("KPMG International"), a Swiss entity. KPMG Canada provides services to KPMG LLP.

ISLANDS TRUST

Statement of Financial Position

March 31, 2012, with comparative information for 2011

	2012	2011
Financial assets:		
Cash and cash equivalents (note 3)	\$ 3,494,644	\$ 3,409,216
Accounts receivable	105,458	104,658
	<u>3,600,102</u>	<u>3,513,874</u>
Financial liabilities:		
Wages and benefits payable	943,105	1,046,483
Accounts payable and accrued liabilities	337,145	297,003
Deferred revenue	87,997	155,518
Employee benefit obligations (note 4)	116,576	121,633
Obligations under capital leases (note 5)	50,714	44,589
Cost recovery deposits (note 12(ii))	29,902	34,007
	<u>1,565,439</u>	<u>1,699,233</u>
Net financial assets	2,034,663	1,814,641
Non-financial assets:		
Tangible capital assets (notes 6)	135,158	158,813
Prepaid expenses	30,835	14,879
	<u>165,993</u>	<u>173,692</u>
Commitments (note 10)		
Contingent liabilities (note 11)		
Accumulated surplus (notes 2 and 7)	\$ 2,200,656	\$ 1,988,333

The accompanying notes are an integral part of these financial statements.

On behalf of the Trust Council:



Trustee



Trustee

ISLANDS TRUST

Statement of Operations

Year ended March 31, 2012, with comparative information for 2011

	Budget (unaudited - note 8)	2012	2011
Revenue:			
Property tax - general	\$ 5,870,355	\$ 5,870,356	\$ 5,755,082
Property tax levy - Bowen Island Municipality	220,880	220,880	224,518
Provincial grant - operating	180,000	349,524	50,545
Fees and sales	110,000	125,403	127,613
Interest income	70,000	94,623	58,062
Other income	100,000	107,516	113,482
Total revenue	6,551,235	6,768,302	6,329,302
Expenses (note 9):			
Council services	1,195,675	1,167,154	949,994
Local trust committee services	4,995,619	4,744,401	4,558,047
Trust fund services	661,941	644,424	612,670
Total expenses	6,853,235	6,555,979	6,120,711
Annual surplus (deficit)	(302,000)	212,323	208,591
Accumulated surplus, beginning of year	1,988,333	1,988,333	
As previously reported	-	-	1,695,396
Restatement (note 2)	-	-	84,346
As restated	1,988,333	1,988,333	1,779,742
Accumulated surplus, end of year	\$ 1,686,333	\$ 2,200,656	\$ 1,988,333

The accompanying notes are an integral part of these financial statements.

ISLANDS TRUST

Statement of Change in Net Financial Assets

Year ended March 31, 2012, with comparative information for 2011

	Budget (unaudited - note 8)	2012	2011
Annual surplus (deficit)	\$ (302,000)	\$ 212,323	\$ 208,591
Acquisition of tangible capital assets	-	(31,234)	(56,304)
Amortization of tangible capital assets	55,000	54,889	64,790
	(247,000)	235,978	217,077
Acquisition of prepaid expenses	-	(15,956)	(13,922)
Change in net financial assets	(247,000)	220,022	203,155
Net financial assets, beginning of year	1,814,641	1,814,641	
As previously reported	-	-	1,527,140
Restatement (note 2)	-	-	84,346
As restated	1,814,641	1,814,641	1,611,486
Net financial assets, end of year	\$ 1,567,641	\$ 2,034,663	\$ 1,814,641

The accompanying notes are an integral part of these financial statements.

ISLANDS TRUST

Statement of Cash Flows

Year ended March 31, 2012, with comparative information for 2011

	2012	2011
Cash provided by (used in):		
Operating activities:		
Annual surplus	\$ 212,323	\$ 208,591
Items not involving cash:		
Amortization of tangible capital assets	54,889	64,790
Change in non-cash operating assets and liabilities:		
Accounts receivable	(800)	(50,819)
Wages and benefits payable	(103,378)	39,053
Accounts payable and accrued liabilities	40,142	56,389
Deferred revenue	(67,521)	111,474
Employee benefit obligations	(5,057)	(11,472)
Cost recovery deposits	(4,105)	22,907
Prepaid expenses	(15,956)	(13,922)
Net change in cash from operating activities	110,537	426,991
Capital activities:		
Acquisition of tangible capital assets	(12,580)	(51,005)
Financing activities:		
Principal payments on obligations under capital leases	(12,529)	(12,473)
Increase in cash and cash equivalents	85,428	363,513
Cash and cash equivalents, beginning of year	3,409,216	3,045,703
Cash and cash equivalents, end of year	\$ 3,494,644	\$ 3,409,216
Supplemental cash flow information:		
Assets acquired under capital lease	\$ 18,654	\$ 5,299

The accompanying notes are an integral part of these financial statements.

ISLANDS TRUST

Notes to Financial Statements

Year ended March 31, 2012

Islands Trust (the "Trust") is incorporated under the Islands Trust Act of British Columbia (as amended). The objectives of the Trust are to preserve and protect the Trust area and its unique amenities and environment for the benefit of the residents of the Trust area and of the Province generally.

1. Significant accounting policies:

The financial statements of Islands Trust are prepared by management in accordance with Canadian public sector accounting principles for local governments as recommended by the Public Sector Accounting Board ("PSAB") of the Canadian Institute of Chartered Accountants. Significant accounting policies adopted by the Trust are as follows:

(a) Reporting entity:

The financial statements include a combination of all the assets, liabilities, revenues, expenses, and changes in fund balances and in financial position of the trust council and the local trust committees.

The Trust occasionally conducts work on behalf of development applicants on a cost-recovery basis. These trust activities are not included in the financial statements.

(i) Consolidated entities:

The Trust does not control any significant external entities and accordingly no entities have been consolidated with the financial statements.

(ii) Funds held in trust:

The Trust administers operations of The Islands Trust Fund. The annual expenses of The Islands Trust Fund are reported by the Trust in accordance with The Islands Trust Act (note 12).

(b) Basis of accounting:

The Trust follows the accrual method of accounting for revenues and expenses. Revenues are normally recognized in the year in which they are earned and measurable. Expenses are recognized as they are incurred and measurable as a result of receipt of goods or services and/or the creation of a legal obligation to pay.

Government transfers are recognized in the financial statements as revenues in the period in which events giving rise to the transfer occur, providing the transfers are authorized, any eligibility criteria have been met, and reasonable estimates of the amounts can be made.

Revenue unearned in the current period is recorded as deposits or deferred revenue.

ISLANDS TRUST

Notes to Financial Statements (continued)

Year ended March 31, 2012

1. Significant accounting policies (continued):

(c) Cash and cash equivalents:

Cash and cash equivalents include short-term highly liquid investments with a term to maturity of 90 days or less at acquisition. Investments in the Municipal Finance Authority of British Columbia ("MFA") Bond, Intermediate and Money Market Funds are recorded at cost plus earnings reinvested in the funds. Investment income is reported as revenue in the period earned.

(d) Employee future benefits:

The Trust and its employees make contributions to the Public Service Pension Plan, which provides benefits directly to employees upon retirement. These contributions are expensed as incurred.

A gratuity is also available to employees upon retirement. The cost of this benefit is born by the Public Service Pension Plan.

The costs of multi-employer defined contribution pension plan benefits, such as the Public Service Pension Plan, are the employer's contribution due to the plan in the period. These contributions are expensed as incurred.

(e) Non-financial assets:

Non-financial assets are not available to discharge existing liabilities and are held for use in the provision of services. They have useful lives extending beyond the current year and are not intended for sale in the ordinary course of operations.

(i) Tangible capital assets:

Tangible capital assets are recorded at cost which includes amounts that are directly attributable to acquisition, construction, development or betterment of the asset. The cost, less residual value, of the tangible capital assets, excluding land, are amortized on a straight line basis over their estimated useful lives as follows:

Asset	Useful life - years
Furniture and equipment	5
Computers	3
Leasehold improvements	over the remaining term of the lease

ISLANDS TRUST

Notes to Financial Statements (continued)

Year ended March 31, 2012

1. Significant accounting policies (continued):

(e) Non-financial assets (continued):

(i) Tangible capital assets (continued):

Amortization is charged annually, including in the year of acquisition and disposal. Assets under construction are not amortized until the asset is available for productive use.

Tangible capital assets are written down when conditions indicate that they no longer contribute to the Trust's ability to provide goods and services, or when the value of future economic benefits associated with the asset are less than the book value of the asset.

(ii) Contributions of tangible capital assets:

Tangible capital assets received as contributions are recorded at their fair value at the date of receipt and also are recorded as revenue.

(iii) Works of art and historical treasures:

Works of art and historical treasures are not recorded as assets in these financial statements.

(iv) Interest capitalization:

The Trust does not capitalize interest costs associated with the acquisition or construction of a tangible capital asset.

(v) Leased tangible capital assets:

Leases which transfer substantially all of the benefits and risks incidental to ownership of property are accounted for as leased tangible capital assets. All other leases are accounted for as operating leases and the related payments are charged to expenses as incurred.

ISLANDS TRUST

Notes to Financial Statements (continued)

Year ended March 31, 2012

1. Significant accounting policies (continued):

(f) Use of estimates:

The preparation of financial statements in conformity with Canadian public sector accounting standards requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the period. Significant estimates include assumptions used in estimating provisions for accrued liabilities and estimating historical cost and useful lives of tangible capital assets. Actual results could differ from these estimates.

2. Restatement:

The employee benefit obligations have been revised to correct for an immaterial error as certain benefits accrued by the Trust were determined not to be a liability of the Trust. This change has been recorded retroactively and accordingly, the comparative financial statements have been restated resulting in a decrease of \$84,346 to employee benefit obligations and a corresponding increase in accumulated surplus as at April 1, 2010. The adjustment has no impact on the annual surplus, change in net debt or cash flows in 2011.

3. Cash and cash equivalents:

	2012	2011
Bank account balances	\$ 778,875	\$ 760,409
Municipal Finance Authority Bond Fund	2,654,705	1,690,695
Municipal Finance Authority Intermediate Fund	58,132	855,029
Municipal Finance Authority Money Market Fund	2,932	103,083
	\$ 3,494,644	\$ 3,409,216

4. Employee benefit obligations:

The Trust provides sick leave and certain other benefits to its employees and are recorded as follows:

	2012	2011
Vacation pay	\$ 93,166	\$ 96,115
Compensatory time off	23,410	25,518
	\$ 116,576	\$ 121,633

ISLANDS TRUST

Notes to Financial Statements (continued)

Year ended March 31, 2012

4. Employee benefit obligations (continued):

Vacation pay and compensatory time off represent the liability for accumulated banks for draw down at future dates and/or for payout either on an approved retirement, or upon termination or death.

Other pension plans

The Trust and its employees makes contributions to the Public Service Pension Plan (the "Plan"), a jointly trustee pension plan. The Board of Trustees, representing plan members and employers, is responsible for overseeing the management of the Plan, including investment of the assets and administration of benefits. The pension plan is a multi-employer contributory pension plan. Basic pension benefits provided are defined. The Plan has about 51,000 active members and approximately 30,000 retired members.

Every three years an actuarial valuation is performed to assess the financial position of the Plan and adequacy of Plan funding. The most recent valuation as at March 31, 2008 indicated an unfunded liability of \$487,000,000 for basic pension benefits. The next valuation will be as at March 31, 2011, with results available in 2012. The actuary does not attribute portions of the unfunded liability to individual employers. Employee and employer contributions to the plan were increased by 0.15% of salaries effective April 1, 2009 in accordance with the plan actuary's recommendations. Contributions to the plan by the Trust totaled \$245,590 (2011 - \$241,889) during the year.

5. Obligations under capital leases:

The amounts due for obligations under capital leases are as follows:

	2012
2013	\$ 17,296
2014	15,000
2015	14,288
2016	5,706
2017 and thereafter	4,429
Total minimum lease payments	56,719
Less amounts representing interest (at rates ranging from 2.25% to 6.25%)	6,005
Present value of net minimum capital lease payments	\$ 50,714

Interest of \$1,617 (2011 - \$1,669) relating to capital lease obligations has been included in expenses on the statement of operations.

ISLANDS TRUST

Notes to Financial Statements (continued)

Year ended March 31, 2012

6. Tangible capital assets:

	Denman Island Site	Furniture and equipment	Computers	Leasehold improvements	Total 2012	Total 2011
Cost:						
Balance, beginning of year	\$ 10,000	\$ 100,618	\$ 103,041	\$ 231,687	\$ 445,346	\$ 389,042
Additions	-	18,654	-	12,581	31,235	56,304
Balance, end of year	10,000	119,272	103,041	244,268	476,581	445,346
Accumulated amortization:						
Balance, beginning of year	10,000	48,911	63,797	163,826	286,534	221,743
Amortization expense	-	18,063	16,859	19,967	54,889	64,790
Balance, end of year	10,000	66,974	80,656	183,793	341,423	286,533
Net book value, end of year	\$ -	\$ 52,298	\$ 22,385	\$ 60,475	\$ 135,158	\$ 158,813

Contributed tangible capital assets:

Contributed capital assets have been recognized at fair market value at the date of contribution. There were no contributed assets received during 2012 or 2011.

In fiscal 1994, the Denman Island Ratepayers' Association donated \$10,000 which was used by the Trust to purchase the Denman Island Old School Site from School District #71. The Trust agreed to facilitate the sale of the school site between School District #71 and the Ratepayers' Association and to hold title to the property on behalf of the community. The Denman Island Ratepayers' Association has leased the building on the site from the Trust for 99 years for a total fee of \$10.

7. Accumulated surplus:

Accumulated surplus consists of:

	2012	2011
Invested in tangible capital assets	\$ 84,444	\$ 114,224
General Revenue Fund	2,116,212	1,874,109
	\$ 2,200,656	\$ 1,988,333

ISLANDS TRUST

Notes to Financial Statements (continued)

Year ended March 31, 2012

8. Budget data:

The unaudited budget data presented in these financial statements is based upon the 2012 operating budget approved by Trust Council on March 9, 2011. The following reconciles the approved budget to the budget figures reported in these financial statements.

	Budget amount
Operating budget:	
Revenue	\$ 6,853,235
Less appropriation from surplus	(302,000)
	6,551,235
Expenses	6,853,235
Annual deficit	\$ (302,000)

9. Classification of expenses by object:

	2012	2011
Staff salaries and benefits	\$ 3,692,973	\$ 3,653,619
Traveling/training and recruitment	186,067	186,975
Council and trustee costs	662,698	597,521
Office operations	941,571	900,987
Programs	585,427	460,042
Legal	309,612	255,189
Elections	122,742	1,588
Amortization	54,889	64,790
Total expenses by object	\$ 6,555,979	\$ 6,120,711

ISLANDS TRUST

Notes to Financial Statements (continued)

Year ended March 31, 2012

10. Commitments:

(i) Minimum annual lease payments:

The Trust is committed to leases for rented premises. Minimum future payments in the next five years are as follows:

2013	\$	89,649
2014		88,868
2015		84,864
2016		27,372
2017		480

(ii) Contracts:

At March 31, 2012, the following major contracts were incomplete:

	Total contract value	Amount remaining
Gulf Islands Film and Television School	\$ 20,000	\$ 20,000
ME Kelly Consulting	22,688	13,943
Murdoch de Greef Inc.	43,569	43,569
C. Ferris TFB Covenant Monitoring	20,868	20,868
Other	41,940	13,013

Other contracts include five contracts with values ranging between \$6,720 and \$10,000.

Of the amount remaining listed above, all will be funded from deferred revenues. All contracts are due for completion within one year of March 31, 2012.

11. Contingent liabilities:

In the normal course of operations, claims for alleged damages are made against the Trust. Costs, if any, are recorded when a liability is likely and reasonably determinable.

ISLANDS TRUST

Notes to Financial Statements (continued)

Year ended March 31, 2012

12. Trust activities:

(i) Trust Fund under administration

The Trust administers The Islands Trust Fund (the "Fund") which is related through the composition of the Fund's Board. The Fund is empowered to accept donations, grants and bequests on behalf of the Trust and to hold land and other property in compliance with a plan approved by the Ministry of Community, Sport and Cultural Development. The Fund's Board is comprised of three members from Trust Council and up to three members appointed by the Minister of Community, Sport and Cultural Development.

For financial reporting purposes, the Trust and the Fund are reported on separately. These financial statements present the financial position and results of operations of the Trust.

The Fund's annual expenses are funded by and reported as part of the Trust in accordance with The Islands Trust Act. These expenses are summarized as follows:

	2012	2011
Programs	\$ 482,248	\$ 464,117
Board	19,562	15,638
Administration	142,614	132,915
	\$ 644,424	\$ 612,670

(ii) Third party trust funds:

The Trust administers trust activities on behalf of development applicants on a cost-recovery basis. The activities are as follows:

	2012	2011
Cash received during the year	\$ 12,743	\$ 52,759
Cash paid during the year	16,848	29,852

The net payable from development applicants of \$29,902 (2011 - \$34,007) is reported as a liability on the statement of financial position.

Financial Statements of

THE ISLANDS TRUST FUND

Year ended March 31, 2012



KPMG LLP
Chartered Accountants
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INDEPENDENT AUDITORS' REPORT

To the Trustees of the Islands Trust Fund Board, the Trustees of the Islands Trust Council and the Minister of Community, Sport and Cultural Development

We have audited the accompanying financial statements of The Islands Trust Fund, which comprise the statement of financial position as at March 31, 2012, the statements of operations and changes in fund balances and cash flows for the year then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian generally accepted accounting principles, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified audit opinion.

Basis for Qualified Opinion

In common with many charitable organizations, The Islands Trust Fund derives revenue from donations, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, our verification of these revenues was limited to the amounts recorded in the records of The Islands Trust Fund and we were not able to determine whether, as at or for the years ended March 31, 2012 and March 31, 2011, any adjustments might be necessary to revenue and excess of revenue over expenses reported in the statements of operations and changes in fund balances and current assets and fund balances reported in the statement of financial position.

Qualified Opinion

In our opinion, except for the possible effects of the matter described in the Basis for Qualified Opinion paragraph, the financial statements present fairly, in all material respects, the financial position of The Islands Trust Fund as at March 31, 2012, and its results of operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Chartered Accountants

July 26, 2012
Victoria, Canada

THE ISLANDS TRUST FUND

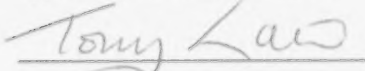
Statement of Financial Position

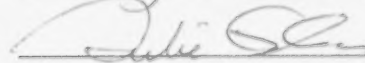
March 31, 2012, with comparative information for 2011

	Opportunity Fund	Restricted Fund	Capital Fund	Endowment Fund	2012 Total	2011 Total
Assets:						
Current assets:						
Cash	\$ 42,025	\$ 82,106	\$ -	\$ -	\$ 124,131	\$ 127,991
Short-term investments	-	176,602	-	88,000	264,602	239,470
Inventory of fundraising items	2,558	-	-	-	2,558	2,708
	44,583	258,708	-	88,000	391,291	370,169
Land (notes 2 and 4)	-	-	7,690,903	3,594,000	11,284,903	10,394,903
	44,583	258,708	7,690,903	3,682,000	11,676,194	10,765,072
Liabilities:						
Accounts payable	-	29,880	-	-	29,880	14,740
	\$ 44,583	\$ 228,828	\$ 7,690,903	\$ 3,682,000	\$ 11,646,314	\$ 10,750,332
Fund Balances						
Unrestricted	\$ 44,583	\$ -	\$ -	\$ -	\$ 44,583	\$ 43,117
Investment in land (note 2)	-	-	7,690,903	-	7,690,903	6,800,903
Internally restricted (note 3)	-	16,052	-	-	16,052	15,980
Externally restricted (note 3)	-	212,776	-	-	212,776	208,332
Restricted for endowment purposes (note 4)	-	-	-	3,682,000	3,682,000	3,682,000
	\$ 44,583	\$ 228,828	\$ 7,690,903	\$ 3,682,000	\$ 11,646,314	\$ 10,750,332

See accompanying notes to financial statements.

Approved by the Trust Fund Board:

 Board member

 Board member

THE ISLANDS TRUST FUND

Statement of Operations and Changes in Fund Balances

Year ended March 31, 2012, with comparative information for 2011

	Opportunity Fund	Restricted Fund	Capital Fund	Endowment Fund	2012 Total	2011 Total
Revenue:						
Donations:						
Cash	\$ 6,760	\$ 23,485	\$ -	\$ -	\$ 30,245	\$ 129,603
Land	-	-	890,000	-	890,000	1,817,000
Grants	-	-	-	-	-	2,840
Rental income	-	9,950	-	-	9,950	7,525
Investment income	198	6,206	-	-	6,404	6,300
Sale of fundraising items	295	-	-	-	295	435
	7,253	39,641	890,000	-	936,894	1,963,703
Expenses:						
Repairs and maintenance - Alton property	-	35,125	-	-	35,125	21,998
Cost of sales of fundraising items	150	-	-	-	150	240
Bank charges	39	-	-	-	39	66
Donations to conservancy groups	5,598	-	-	-	5,598	10,102
	5,787	35,125	-	-	40,912	32,406
Excess of revenue over expenses	1,466	4,516	890,000	-	895,982	1,931,297
Fund balances, beginning of year	43,117	224,312	6,800,903	3,682,000	10,750,332	8,819,035
Fund balances, end of year (notes 2, 3 and 4)	\$ 44,583	\$ 228,828	\$ 7,690,903	\$ 3,682,000	\$ 11,646,314	\$ 10,750,332

See accompanying notes to financial statements.

THE ISLANDS TRUST FUND

Statement of Cash Flows

Year ended March 31, 2012, with comparative information for 2011

	2012	2011
Cash provided by (used in):		
Operating activities:		
Excess of revenue over expenses	\$ 895,982	\$ 1,931,297
Item not involving cash:		
Donation of land	(890,000)	(1,817,000)
Changes in non-cash operating working capital:		
Receivables	-	1,102
Inventory of fundraising items	150	240
Accounts payable	15,140	14,740
	21,272	130,379
Investing activities:		
Increase in short-term investments	(25,132)	(108,103)
Increase (decrease) in cash	(3,860)	22,276
Cash, beginning of year	127,991	105,715
Cash, end of year	\$ 124,131	\$ 127,991

See accompanying notes to financial statements.

THE ISLANDS TRUST FUND

Notes to Financial Statements

Year ended March 31, 2012

The Islands Trust (the "Trust") is incorporated under The Islands Trust Act of British Columbia (as amended). The objectives of the Trust are to preserve and protect the Trust area and its unique amenities and environment for the benefit of the residents of the Trust area and of the Province generally.

The Islands Trust Fund (the "Trust Fund") is also incorporated under The Islands Trust Act of British Columbia and is empowered to accept donations, grants and bequests on behalf of the Trust and to hold land and other property in compliance with a Trust Fund plan approved by the Ministry of Community, Sport and Cultural Development.

The Trust Fund is administered by the Trust and for financial reporting purposes, the Trust and the Trust Fund are reported on separately. The Trust Fund's annual expenses are funded by and reported as part of the Trust in accordance with The Islands Trust Act. These financial statements present the financial position and changes in fund balances of the Trust Fund.

1. Significant accounting policies:

The financial statements have been prepared in accordance with Canadian generally accepted accounting principles and include the following significant accounting policies:

(a) Fund accounting:

The Trust Fund follows the restricted fund method of accounting for contributions.

The Opportunity Fund reports unrestricted resources.

The Restricted Fund reports the assets, liabilities, revenue and expenses related to internally and externally restricted assets.

The Capital Fund reports the assets, liabilities, revenue and expenses related to the Trust Fund's capital assets.

The Endowment Fund reports resources that are contributed for endowment purposes.

(b) Financial instruments:

The Trust Fund has designated all non-derivative financial assets and liabilities as held for trading with the exception of certain obligations designated as other liabilities and loans and receivables. The Trust Fund initially records all non-derivative financial assets and liabilities at fair value. Cash and short-term investments are classified as held for trading and measured at fair value. The Trust Fund has not classified any assets or liabilities as available for sale. The Trust Fund does not currently hold any derivative financial instruments.

The Trust Fund complies with the Canadian Institute of Chartered Accountants ("CICA") Handbook Section 3861, *Financial Instruments – Disclosure and Presentation*, for the presentation and disclosure of financial instruments and non-financial derivatives.

THE ISLANDS TRUST FUND

Notes to Financial Statements

Year ended March 31, 2012

1. Significant accounting policies (continued):

(c) Land:

Purchased land is recorded at cost. Contributed land is recorded at estimated fair value at the date of contribution.

(d) Revenue recognition:

Restricted contributions are recorded as revenue of the appropriate restricted fund when received or receivable, if the amount can be reasonably estimated and collection is reasonably assured.

Unrestricted contributions are recorded as revenue of the Opportunity Fund in the year received or receivable if the amount can be reasonably estimated and collection is reasonably assured.

Contributions for endowment are recorded as revenue in the Endowment Fund balance.

Interest income earned on Endowment Fund resources is restricted for the purpose of maintaining certain specified property and is recorded in the Restricted Fund. Interest income of internally restricted funds is recorded as revenue of the Restricted Fund. Other interest income is recorded as revenue of the Opportunity Fund when earned.

All other forms of income are recorded as revenue of the Opportunity Fund when received or receivable.

(e) Investment income:

Investment income, which is recorded on the accrual basis, includes interest income, dividends, net gain on sale of securities and net unrealized gains (losses).

(f) Use of estimates:

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions which affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenditures during the period. Significant estimates include assumptions used in estimating the fair value of contributed land at the date of contribution. Actual results could differ from those estimates.

(g) Revisions to Not-for-Profit accounting standards:

Effective April 1, 2012, the Trust Fund will transition to Public Sector Accounting Standards with Sections FS 4200 of the CICA Handbook. The transition will be applied on a retrospective basis, and there are certain transitional provisions that the Trust Fund will apply when preparing the first financial statements under the new accounting standards. The impact of these transitional provisions on the financial statements of the Trust Fund has not yet been fully determined.

THE ISLANDS TRUST FUND

Notes to Financial Statements

Year ended March 31, 2012

2. Land:

	Acquisition date	2012	2011
Inner Island Nature Reserve, Denman Island	1992	\$ 70,000	\$ 70,000
Coats Millstone Reserve, Gabriola Island	1994	100,000	100,000
Medicine Beach Nature Sanctuary, North Pender Island	1996	477,000	477,000
Cunningham Reserve, Salt Spring Island	1994	265,000	265,000
Deep Ridge Reserve, Salt Spring Island	1992	255,000	255,000
Lower Mt. Erskine Nature Reserve, Salt Spring Island	1996	284,000	284,000
Kwei Nature Sanctuary, Lasqueti Island	1997	195,497	195,497
Singing Woods Nature Reserve, Bowen Island	1999	157,000	157,000
Trincomali Nature Sanctuary, Galiano Island	2001	242,406	242,406
Horton Bayviary Nature Reserve, Mayne Island	2002	210,000	210,000
Morrison Marsh Nature Reserve, Denman Island	2006	438,000	438,000
Brigade Bay Bluffs Nature Reserve, Gambier Island	2006	150,000	150,000
Long Bay Wetland Nature Reserve, Gambier Island	2006	305,000	305,000
Elder Cedar Nature Reserve, Gabriola Island	2007	658,000	658,000
Mount Artaban Nature Reserve, Gambier Island	2009	1,177,000	1,177,000
Fairy Fen Nature Reserve, Bowen Island	2011	1,817,000	1,817,000
John Osland Nature Reserv	2012	890,000	-
		\$ 7,690,903	\$ 6,800,903

3. Restricted Fund balances:

	2012	2011
Internally restricted:		
McFadden property	\$ 16,052	\$ 15,980
Externally restricted:		
Alton Nature Reserve - maintenance fund	20,471	20,617
Covenant Defense Fund - interest receivable	-	1,217
Covenant Defense Fund	59,200	57,300
Lasqueti Acquisition Funds	28,682	28,070
Gambier Acquisition Fund	104,423	101,128
	212,776	208,332
	\$ 228,828	\$ 224,312

The Covenant Defense Fund was previously named the Marilyn King - Covenant protection endowment.

THE ISLANDS TRUST FUND

Notes to Financial Statements

Year ended March 31, 2012

4. Restricted for endowment purposes:

	Acquisition date	2012	2011
Short-term investments:			
Alton Nature Reserve - maintenance	2002	\$ 88,000	\$ 88,000
Land:			
Lindsay Dickson Nature Reserve, Denman Island	2001	2,200,000	2,200,000
Alton Nature Reserve, Salt Spring Island	2002	454,000	454,000
Properties acquired under the Federal Government Ecological Gifts program:			
Mt. Trematon Nature Reserve, Lasqueti Island	2006	320,000	320,000
David Otter Nature Reserve, Bowen Island	2007	620,000	620,000
		3,594,000	3,594,000
Total restricted for endowment purposes		\$ 3,682,000	\$ 3,682,000

Investment gain on endowment funds for the year of \$2,714 (2011 - \$5,907) has been recorded in the restricted fund.

Two properties owned by the Trust Fund Board, the Lindsay Dickson property on Denman Island, and the Alton property on Salt Spring Island, were donated on the condition that the properties be used and managed in certain ways. The Lindsay Dickson property was donated "for so long as the land is used as a nature reserve for the use, benefit and enjoyment of the residents of B.C.". The Alton property is to be held, managed and preserved for its ecological environment and scenic features and not as a recreational park. The residence, gardens and driveway are to be preserved and managed for non-profit purposes.

In the event that these properties are not managed accordingly, the properties could revert to the Province of British Columbia in the case of the Lindsay Dickson Nature Reserve, and to the Executors of the donor's estate in the case of the Alton Nature Reserve.

The Mt. Trematon Nature Reserve property on Lasqueti Island and the David Otter Nature Reserve property on Bowen Island were acquired under the Federal Government Ecological Gift program. Recipients of ecological gifts are responsible for maintaining the biodiversity and environmental heritage values of the property in perpetuity.

THE ISLANDS TRUST FUND

Notes to Financial Statements

Year ended March 31, 2012

5. Related party:

The Trust is related to the Trust Fund through the composition of the Trust Fund's Board. The Trust Fund's Board is comprised of three members from the Trust's Council and up to three members appointed by the Minister of Community, Sport and Cultural Development.

The Trust Fund's annual expenses are funded by and reported as part of the Trust in accordance with The Islands Trust Act. The expenses are summarized as follows:

	2012	2011
Programs	\$ 482,248	\$ 464,117
Board	19,562	15,638
Administration	142,614	132,915
	\$ 644,424	\$ 612,670

6. Financial instruments:

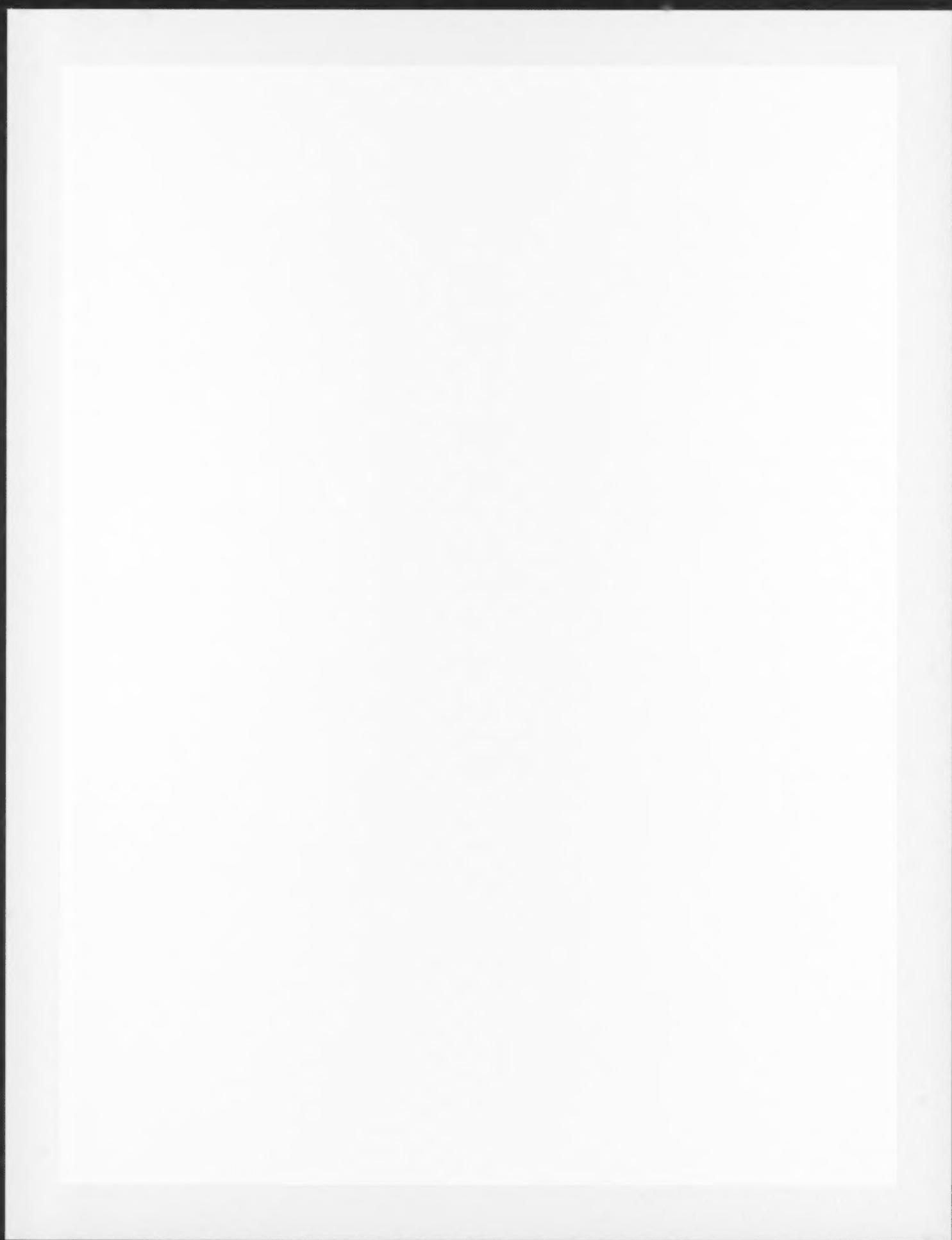
The Trust Fund's financial instruments include cash, short-term investments and accounts payable. The fair value of these instruments approximates their carrying values. It is management's opinion that the Trust Fund is not exposed to significant interest, currency or credit risks arising from these financial instruments.

7. Capital management:

The Trust Fund receives its principal source of capital through funding received from donations, grants and bequests. The Trust Fund's annual expenses are funded by the Islands Trust. The Trust Fund defines capital to be fund balances.

The Trust Fund's objective to manage its capital is to preserve capital with the monitoring of funding, grants and expenses. The Trust Fund has complied with the external restrictions on the funding provided.







Islands Trust



ISLANDS TRUST FUND

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